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The Forum of Civil Society Organizations  
(PASE, YLL, Ulayat, LPMA, Sumpit, Silvagama,  
AMAN, Telapak, Forest Watch Indonesia,  
WALHI, Sawit Watch, PILI-NGO Movement)  
Through Mardi Minangsari  
Program Coordinator Telapak

Subject: Your “Joint Statement Regarding European Community Development Aid for the Indonesian Government in Forestry Sector”

Dear members of the Forum of Civil Society Organizations,

We have received your joint statement on the EC development aid to the government of Indonesia (GoI) in the forestry sector and we thank you for your interest in our cooperation activities.

Civil society being a major participant in the European Commission development cooperation programme in Indonesia and a key partner in the forestry projects supporting the GoI, we wish to make the following clarification regarding your statement in order to enhance reciprocal understanding and future collaboration.

Below are responses on the 5 points you raised as “apprehensions” in your statement:

1. There is a clear process followed by the Delegation in preparing the CSP and NIP in association with DG Relex and the GoI. With regard to the allocation of funds, it is not clear from your comments which funding level you are referring to, but there is always extensive contact between the commission and the GoI in the preparation of the CSP, NIP, and project as outlined in specific EC guidelines on this matter.
2. Civil society is involved at all stages of the project cycle. Identification and appraisal teams hold formal meetings with a wide range of Civil Society Organization (CSOs) during their work. A wide cross section of CSOs is involved according to their interest or links to the proposed project subject matter but it must be borne in mind that not all CSOs either can or want to participate. As an example of the involvement of CSOs, the design of the EC-Indonesia FLEGT Support Project included extensive consultation at national and regional (Jambi and W. Kalimantan) level with CSOs including Telapak. Throughout the project cycle, CSOs are either directly or indirectly involved in project design and implementation. An example is the support, through the FLB, to the NGO Forestry Partnership Facility, which encourages communication between responsible institutions in the sector. Evaluation missions

also have a duty, specified in their term of reference, to consult with relevant CSOs as a means of assessing project effectiveness, impact and sustainability. I would also like to point out that the EC funded Forest Liaison Bureau works closely with the NGO Forestry Partnership and that the South Sumatra Forest Fire Project has an office staffed by NGOs attached to its PMU.

3. Funds from the EC are not included in the state budget but the GoI counterpart funds are, as they have to be applied for each year. Any concerns in this issue should be addressed to the GoI. Regarding the accountability of the on-going projects, each project funded by the EC is subject to an annual audit by independent auditors paid for by the EC, the funding of which are fully investigated. Projects are also subject to annual independent monitoring missions and mid-term reviews and evaluations. The audit and monitoring report are confidential documents and the property of the EC. It must be pointed out that the Delegation is itself subject to periodic financial and management audits which ensure that the approved, legally binding procedures are followed.
4. The 4<sup>th</sup> point regarding civil society involvement is clarified under point 2 above.
5. There is synergy between the 6 ECIFP projects which were developed in consultation with the GoI and support the objectives of the Ministry of Forestry, the CSP and development objectives of the Commission. The statement that “The CSP itself does not reflect the real forestry crisis in Indonesia” is subjective. There are many problems facing the sector and the perception of problems depends also on the objective of different groups, many of which have widely differing objectives and means of addressing them. The policy of the EC is to work jointly with the government to an agreed framework and in an impartial manner to pursue joint objectives. In terms of problem analysis and program impact, inputs and criticism from CSOs is welcome as the EC is willing to review and improve the quality of its projects. An independent evaluation of the ECIFP is currently being undertaken in order to refine the forestry programming strategy and design better, future projects. CSOs, including Telapak, have again been consulted during this major evaluation.

With regards to your recommendation and priorities, we welcome your inputs which are coherent with several of the programming orientation of the Delegation. Below are clarification and suggestion for further collaboration:

1. Transparency is promoted whenever possible. However, all documents cannot be communicated. In particular, annual audit reports for projects cannot be made public. They are confidential documents. This situation applies to other organizations.
2. It is the policy of the EC to consult with civil society in the preparation of the CSP 2007-2013. Consultations were held between the EC and civil society in the preparation of the CSP 2002-2006 and for the NIP 2005-2006. It must be borne in mind that there are many CSOs that would like to be consulted but not all them can be within the limits of practicability.
3. Ensuring synergy between the various components of EC development aid in Indonesia is an obvious program design and management objective. The start of new projects such as the EC-Indonesia FLEGT Support Project and the deconcentration process of the Tropical Forest programme are strong opportunities that shall

contribute to it. As for synergy between national and local authorities, the process of decentralization has an impact on EC aid delivery. In response to this, EC projects are now designed taking this issue into consideration. For example, the EC-Indonesia FLEGT Support Project and the PMNRBB are working at the central, provincial and district levels in an effort to address both horizontal and vertical processes of governance. We would like to add that ensuring synergy is an effort that shall apply to all actors and not only the EC. For this reason, consultation with civil society and your participation might bring a greater contribution under the framework of the ICG sector meeting for example than through dialogue with the EC exclusively.

4. The consideration of the EC programming principles, including the participation of civil society, is already largely taking into account and is a criteria for project selection under the Tropical Forest program. As suggested by the comment above, all projects are designed to include civil society participation.
5. The development of financial monitoring mechanisms by the GoI is the responsibility of the Executing Agency and/or Bappenas. Monitoring mechanisms are in place and clarification on this topic should be addressed to the relevant institution.
6. Data is already transferred from projects to stakeholders, this is central to all projects. With respect to donor projects, information on forest sector projects is currently available through individual projects and the recently established repository located in the Ministry of Forestry. The co-directors of the ECIFP projects regularly respond positively to requests from CSOs for information regarding this projects.

We hope that these comments will address some of your concerns and will improve your understanding of the way we work. The commission wishes to continue its positive dialogue with CSOs and would appreciate the opportunity of meeting with you again to discuss this. In the meantime we look forward to collaborating with you further.

Yours sincerely,

Sabato Della Monica  
Ambassador

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