

**Coastal Community Development
in
East Kalimantan, Indonesia**

*Final Report
(December 2002 – December 2003)*

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Introduction

The Coastal Resources Center at the University of Rhode Island (CRC-URI) and Yayasan Selamatkan Teluk Balikpapan or Save The Balikpapan Bay Foundation (YSTB) are implementing a Coastal Community Development Program (CCDP) in the Balikpapan Bay area of East Kalimantan Province of Indonesia. The first year of this program was funded primarily by the UNOCAL Foundation under Grant Agreement Number 2002-JGP-45. Additional support was provided through the USAID-URI Indonesian Coastal Resources Management Project (CRMP). This report summarizes activities undertaken during the twelve-month grant period from December 2002 through December 2003.

The goal of the program is to build the capacity of local non-governmental organizations (NGOs) and communities to implement community-based coastal development and management initiatives. The specific objectives of the program are to:

- 1) Develop the capacity of local NGOs to design and implement successful community-based coastal development and management programs.
- 2) Develop the capacity of coastal communities to actively engage in community-based resource management, formulate community development initiatives, and conduct active dialogue with local government and the private sector that leads to mutual agreements concerning resource use conflicts.
- 3) Develop and strengthen a network of NGOs which actively provides services to coastal communities and which is capable of raising donor funding to support these activities.

The Coastal Community Development Program evolved out of initiatives sponsored by the CRMP—a seven-year cooperative initiative of USAID and the Government of Indonesia started in 1996. The mission of the CRMP is to contribute to strengthened and decentralized coastal management in Indonesia. The program focuses on testing and developing models and approaches for decentralized and participatory coastal management at three provincial field locations—North Sulawesi, Lampung and East Kalimantan. CRC has implemented the CRMP in East Kalimantan since 1998. This program has focused on introducing watershed-based management of the coastal and marine resources of Balikpapan Bay. As a result of this work, the first multi-jurisdictional watershed-based bay management plan was signed in July 2002. In addition to working with government and non-governmental stakeholders in the bay planning process, CRC, through the CRMP, also worked directly with coastal communities to strengthen their awareness of and their capacity to interact with external stakeholders on resource management issues. This two-tiered approach—working at both the institutional and community level—is used in the Coastal Community Development Program.

This Coastal Community Development Program resulted from a series of meetings and consultations involving UNOCAL representatives, CRC and CRMP staff, local stakeholders and community representatives in the East Kalimantan area. UNOCAL expressed an interest in supporting the development of coastal communities in East Kalimantan, both within and outside the Balikpapan Bay area. Based on CRC's extensive work in Indonesia, and specifically in East Kalimantan, UNOCAL and CRC agreed to initiate a consultation process

to discuss these options with the broader community including NGOs, community representatives and others.

As part of CRC work in East Kalimantan and during the development of the Balikpapan Bay Management Plan, increasing the institutional capacity of non-governmental organizations was identified as an important need. This resulted in the formation of the *Yayasan Sahabat Teluk Balikpapan* (YSTB), or Save the Balikpapan Bay, as a forum through which increased NGO cooperation could be focused on assisting coastal communities in the Bay and in East Kalimantan and serving as an advocate for coastal environmental issues. Save the Balikpapan Bay Foundation was seen as the most appropriate NGO to lead and coordinate the Coastal Community Development Program given their programmatic emphasis of coastal resources management and their geographic focus on the Balikpapan Bay area and vicinity. However, the program was designed to be inclusive and involve as many local NGOs as possible.

Identification of additional NGO partners for program implementation in the Balikpapan area and the District of *Penajam Paser Utara* was initiated between November and December 2002. In addition to YSTB, two other NGOs- who worked on coastal programs *AMaN* (Fishermen's Community Alliance) and *Pesut* (Coastal and Ocean Foundation)- were identified. Additional NGOs who expressed interest in the program were *Penajam Paser Utara - Lingkup Sepaham* (Environmental and Human Rights Awareness Center Foundation) and *KPI* (Independent Monitoring Committee). Discussions on NGO collaboration continued between December 2002 and January 2003. Many NGOs were reluctant to participate knowing that the funding source was from the UNOCAL Foundation. Intensive meetings with potential partners focused on YSTB commitment to the people and environment. These resulted in the development of a code of conduct for collaboration, emphasizing NGO independence, as well as participatory planning. This allayed many of the initial concerns of the NGO partners regarding the funding source.

Formal and informal meetings to help structure the organization of the program were held between January and February 2003. Relevant aspects of the UNOCAL Foundation grant were discussed, including the scope of work, draft sub-agreements to YSTB and other local NGOs, program planning, work plan and budget. The CRMP East Kalimantan office provided a small seed grant for a workshop and comparative study visit to successful community-based coastal resources management initiatives at CRMP sites in North Sulawesi province. Other supporting activities conducted during the first six months of the program were a workshop on environmental policy, training on participation techniques, and meetings with the UNOCAL Indonesia Community Relations Department in Balikpapan concerning their community development activities. All of these events involved UNOCAL Indonesia staff, as well as local government officials and representatives.

Three NGO partners decided to join the program in February 2003. They were *KPI*, who later changed their name to *SIKU* (Social and Environment Foundation), *Lingkup Sepaham* and *AMaN*. Other potential partners preferred to share their experienced personnel through informal means in support of the program. It was agreed that the activities of the NGOs at the community level would focus on coastal community development activities of:

- Training on community livelihood,
- Strengthening community capacity,
- Environmental education and awareness, and
- Micro credit development.

Community level activities have been implemented since mid-2003. Groups in six coastal communities became involved in crab fattening, sustainable shrimp mariculture, livelihood programs, water supply provision, mangrove management, spatial planning and community awareness. Networking has been ongoing as well as recognized and supported by the local government, communities, other local and national NGOs working in Balikpapan and East Kalimantan, as well as by the UNOCAL Indonesia Community Relations Office. Several assessments have been made of activities implemented and an external financial audit was conducted in November.

Significant progress has been made toward achievement of the program goals during the initial grant/program year. However, institutional strengthening is a long-term process – one in which sustainable and lasting results are often realized only after years of concerted effort. In recognition of this reality, CRC and YSTB are committed to continuing this program as part of a longer-term, multi-year initiative that builds on results achieved to date. Key accomplishments resulting from this grant award include the following.

NGO Capacity

- Established an NGO consortium with a common vision for coastal community development and resources management in the Balikpapan Bay area
- Developed operating principles and guidelines, a strategic plan, and action strategy for several coastal villages
- Established field offices and obtained operating and capital equipment
- Developed and implemented financial systems and procedures
- Negotiated cooperative agreements with NGOs for program implementation
- Trained NGO partner staff in program and administration skills necessary for implementing activities at the village level
- Completed assessments of activities and documented lessons learned
- Started development of improved systems for documentation of program implementation and agreements made in the community and between stakeholders
- Successfully passed an external audit of YSTB and partner NGO financial management systems, policies and procedures

Community Development and Management

- Initiated activities in six coastal villages
- Involved stakeholders and communities in program development and implementation
- Established small business and livelihood development groups, women's groups, crab-fattening groups, shrimp mariculture farming groups, clean water management and conservation committees
- Implemented (by the partner NGOs) successful micro credit and small business activities

- Secured support from the local government, the community and stakeholders at the village level for resources management policy and planning initiatives

Networking

- Established ongoing communication and regular monthly meetings between YSTB, partner NGOs, and the UNOCAL East Kalimantan Community Relations Department.

Phase 1: Start-up, Board Development, and Participatory Detailed Work Planning

Staffing and Orientation

YSTB, with the assistance of CRMP advisors, started an additional staff hiring process for the CCDP in February 2003. The hiring process was developed with particular attention paid to addressing specific personnel requirements needed for the CCDP. Three areas of staffing needs were identified for strengthening CCDP: (1) improved local NGO management, (2) program development and networking experience and (3) community organizing skills. More specifically, the assessment identified critical needs for professional managerial-level skills in financial management, planning methods and proposal writing, as well as technical expertise in participatory assessment methods and community organizing. Other organizational workloads also contributed to the assessment of staffing requirements. Detailed job qualifications were developed including needed expertise, educational background and relevant experience. Salary and benefits for these positions were developed based on the job qualifications and responsibilities.

Four managerial positions were recruited: Finance and Administration Manager, Program Officer for Program Development, Program Officer for Technical Assistance, and Executive Secretary. They were designed to promote the institutional capacity of YSTB and NGO partners, as well as organize project activities. Two field officer positions were also designed to deliver YSTB assistance at two pilot sites. Other minor positions of Junior Accountant, Cashier and Office Boy were developed to support administrative activities. These lower-level positions were recruited from the Friends of Balikpapan Bay Forum. Managerial-level positions were advertised in the local *Kaltim Post* newspaper, as well as through email, mailing lists, and announcements at the Friends of Balikpapan Bay Forum. Two program officers as well as the Finance and Administration Manager joined the organization in March. The position of executive secretary was filled at the beginning of June. Currently, YSTB employs ten staff. Detailed information on the organizational structure of YSTB, staff background and experience, as well as board membership are detailed in the Mid-Term Report.

YSTB developed formal personnel policies in April 2003 and NGO partners also put these in place for implementation at the end of May 2003. Guidelines used for personnel policies were based on regulations issued by the Ministry of Workers and Transmigration. The Finance and Administration Manager was responsible for drafting the overall policies with assistance from the CRMP Finance and Administration Manager. Detailed personnel policies are provided as an appendix to the Mid-term Report.

The Finance and Administration Manager developed the finance and accounting system, under the guidance of the CRMP Jakarta Finance Manager. The accounting procedures used are those widely accepted in Indonesia. The system is designed to fit the current organization's needs, taking into account its size, staff capacity and minimum project requirements. The system also provides guidelines to produce financial reports requested by the donors and/or stakeholders. The system was designed so that an external audit can easily review financial transactions for compliance with organizational policies and standard accounting requirements. The finance and accounting system consists of four elements and is detailed in the Mid-Term Report:

- Accounting principles
- Finance system and procedures (including authorization hierarchy)
- Chart of accounts
- Financial forms

NGO partner financial reports are submitted to YSTB and consist of fund balances (fund position), attached copies of all receipts, bank reconciliation, cash and bankbooks. An activity report of the previous month and the following month's plan of activities, or terms of reference (TOR), are also required for review by the Program Officer for program development before requests for cash advances for the next month are approved. The Finance and Administration Manager also reviews TORs to ensure that proposed activities and budget requests are consistent with the approved proposed budget and with the URI agreement.

The YSTB monthly financial report was submitted to CRMP Jakarta every month and forwarded to CRC-URI. The report consisted of a fund balance summary, bank reconciliation, project fund position, general ledger summary report, and attachment of copies of receipts.

YSTB boards were established in April 2002, consisting of a Board of Trustees, a Board of Supervisors and a Board of Directors. CRMP East Kalimantan staff and associates currently dominate composition of the boards. However, to meet the requirement of wider stakeholder representation, YSTB has developed a management committee consisting of all the executives of NGO partners, CRMP East Kalimantan, UNOCAL Indonesia, government officers, and legislative members, as well as public and other local NGO representatives. They are required to: 1) accommodate stakeholders' interests, particularly in providing guidance, advocacy, monitoring and establishment of program implementation policy; 2) monitor the progress of program implementation against expected outputs; and 3) monitor progress in obtaining other donor support.

As part of a staff orientation program, cross-visits were conducted to three CRMP community-based management and development sites in North Sulawesi Province. The first visit in 2002 was funded by the CRMP. Participants included NGO executives, UNOCAL Indonesia Community Relations Department staff, senior government officers, and legislative members of the City of Balikpapan and the District of Penajam Paser Utara. During the visit, participants observed how the project works at the village level. Key factors for success are that the assistance process considers social dynamics of the community and builds community willingness to participate in the program. Participants were highly

motivated to apply lessons learned in Balikpapan Bay and in the CCDP. Three major lessons identified were:

- Community assistance initiatives require high quality assistance at the community level supported by professional field staff
- Initiatives in new communities should visit other successful demonstration sites for dissemination of examples of community participation
- NGOs in Balikpapan and Penajam Paser Utara need to play an important role in initiating and motivating stakeholders

A second visit to North Sulawesi was made in March 2003. This visit was funded under the UNOCAL grant. Four participants (project officers from YSTB and NGO partners) attended a workshop on the establishment and management of community-based marine protected areas. The workshop was implemented by the CRMP in Manado, North Sulawesi, and was attended by professionals and senior decision-makers in coastal management from around the country. An important lesson learned from this training workshop was the feasibility of establishing mangrove protected areas in Balikpapan Bay similar to those already established in North Sulawesi. Discussions during field visits with local community representatives at sites with existing protected areas reinforced the need to strengthen local community capacity and to initiate an advocacy process early in the planning process.

Participatory Work Planning

Based on the information gathered during start-up and orientation activities, executive directors of all four NGOs, assisted by CRMP East Kalimantan, initiated a multi-stakeholder planning workshop in February 2003 to develop the overall work plan for the CCDP. The workshop produced recommendations for the program implementation including 1) formulation and implementation of policy and laws, 2) mitigating environmental degradation, and 3) strengthening the capacity of local communities.

The YSTB program officers produced a consolidated work plan after the signing of sub-agreements with partner NGOs in March 2003. The YSTB work plan focuses on collection of site baseline information and profiles, participatory community planning; promoting local initiatives in resource management (including livelihood and development), policy and advocacy; and micro-credit development. YSTB program officers facilitated the process of developing a detailed work plan for *SIKU* and *Lingkup Sepaham* in March 2003. *AMaN*, which had already developed their work plan before formally joining the project, proposed several specific activities as part of their program work plan. Priority sites in Penajam Paser Utara and the city of Balikpapan were selected based on several criteria: 1) existing human resource capacity, 2) diversity of issues for learning, and 3) potential for partnership. Selection of priority activities took into consideration existing government and private sector activities in environmental and natural resource management. Six sites were selected: Margo Mulyo and Kariangau in West Balikpapan and Mentawir of Penajam Paser Utara for YSTB; Manggar of East Balikpapan for *AmaN*; Nenang of Gersik Penajam Paser Utara for *Lingkup Sepaham*; and Gersik of Penajam Paser Utara for *SIKU*.

Criteria for selecting target groups within each community were related to the objectives of the community development schemes. Groups selected were those with 1) high dependency

on coastal resources (mangrove and coastal waters), 2) low economic status, 3) little attention paid by other projects and/or assistance groups, and 4) demonstrated initiative and interest.

A wide range of stakeholders was involved during the work planning process. They included government officers, legislative members, projects, the private sector (UNOCAL Indonesia in particular), community representatives, and other NGOs. YSTB also disseminated information on the CCDP (including TORs and budget) through a series of discussions, field visits to *Kelurahan*, cross-visits, workshops in participatory work plan development and collaboration, and through the creation of a management committee.

Capacity Building and Mentoring

During the process of developing sub-agreements with NGO partners, extensive discussions were held concerning the funding source from UNOCAL Foundation. NGOs were concerned that the source of funds should not influence NGO freedom and independence. The process resulted in the development of partnership principles contained in a Charter of 19 articles. The Charter includes background information, and designates YSTB as the lead coordinating institution.

The process of developing agreements began with translating and disseminating the agreement between UNOCAL Foundation and CRC-URI, as well as the agreement between CRC-URI and YSTB. Based on the general design and requirements within the TOR and the contract, the parties discussed appropriate activities and the flexibility of each organization's work plan to accommodate these. It was also important to develop an understanding on budget limitations and restrictions on deviations of expenditures. Formal written sub-agreements on YSTB and NGO partner roles and responsibilities were developed. The contract includes statements on institutional independence, but also firmly established the types of activities and budget. The latter includes budget allocations for staff, overhead costs (office rent, electricity, communication, public water and consumption), and procurement of office equipment (computers, printers, furniture, fax, Internet connection, etc.). For community development activities, it outlines a fund settlement mechanism based on detailed plans for each activity. Based on these procedures, a draft contract was developed for review by each institution and signed at the end of March 2003.

Five training activities were provided to partner NGOs to build their capacity in three key areas: program management, finance and administration, and technical aspects of community organizing and livelihood development. A training on program development was conducted in March 2003 and involved two NGO executives, five program officers and 11 field officers. This training provided a brief overview on how to develop a work plan and project implementation design. Another training on community organizing was conducted in mid-April 2003 involving two NGO executives, five program officers and 13 field officers. The training provided the theory of community organizing and participatory rural appraisal as a tool in developing site profiles for further programming.

The Finance and Administration Manager conducted two training packages on finance and administration, as well as personnel management. The first training on finance and administration management was conducted in April 2003 and involved all NGO partner

executives and accounting staff. The training was delivered to ensure that all accounting staff understood how the finance and administration system for the program would work. The second training on personnel management, conducted in March 2003, provides recommended mechanisms for staff hiring and personnel management as well as the adoption of YSTB personnel policies by all NGO partners.

Training on the development of micro-credit schemes was conducted in May and June 2003. Participants included 15 NGO staff responsible in developing micro-credit schemes in each of the partner institutions as well as other supporting personnel. The training provided information on the theory of micro-credit systems and management mechanisms. The training was conducted by *YMBL*, an NGO with experience in micro-credit financing. This training was followed by another training conducted by *Lingkup Sepaham* and *AMaN* on the development of beneficiary group management in June 2003.

Field officers of CRMP East Kalimantan provided training and mentoring with YSTB and NGO partner field staff on the development of bay integrated management planning in Kariangau and Gersik. Senior-level staff of the project also provided technical advice and experience sharing in community organizing and program development. The CRMP chief of party provided routine technical advice on project reporting. The CRMP finance manager provided some guidance and assistance in developing the financial and administration systems and personnel policy.

While YSTB played a major role in training and mentoring the other NGO partners, CRC and the CRMP also conducted a number of activities that provided additional mentoring and advice to YSTB and the partners. This was accomplished through a series of assessments undertaken periodically throughout the program. For instance, the CRMP chief of party and the CRC-URI project manager visited project sites and NGO offices for program evaluation and monitoring in June 2003. Following this visit, the CRC-URI business manager, assisted by the CRMP finance manager, also visited the YSTB office in June 2003 for a review and mentoring of YSTB and NGO partner finance officers on the implementation of financial and administration systems in each institution. The assessment reports of both visits were disseminated to YSTB and NGO partners for internal review and action.

Once community-level activities were underway for a period of time, an additional program assessment was conducted in November by two Indonesian professionals with substantial experience in project management, capacity building and community-based development and management and previously employed with the now completed CRMP. This included the Director of the Sustainable Coastal Resources and Environment Center (SCREEN) located in Manado, and the CRC-URI Field Program Manager for North Sulawesi Province. They conducted a comprehensive assessment of the program. Specific findings and recommendations by site are included in the later sections of this report. However, general findings of their assessment are provided below:

- YSTB and partner NGOs did make significant progress toward implementing program goals.
- Stakeholders and communities are increasingly involved in developing and implementing the program.

- Community development and awareness activities are receiving positive responses and support from the community and stakeholders.
- Micro credit and small business activities are running well and being professionally managed by partner NGOs.
- Small business and livelihood development groups, women's groups, crab-fattening groups, shrimp mariculture farming groups, clean water management and conservation committees are active in program implementation.
- The communities' capacity to facilitate group dynamics and activities continue to improve.
- Policy and planning activities are receiving positive responses from the local government, the community and the stakeholders at the village level.
- Communication and regular monthly meetings continue between YSTB, partner NGOs, and the UNOCAL Community Relations Department in an effort to coordinate and implement the project. Such communication and regular meetings are important in order for UNOCAL to understand stakeholder and community needs.
- Documentation of program implementation and agreements between the stakeholders need to be better and more simply packaged to allow for higher level decision making by both the local government and UNOCAL.
- YSTB faces challenges with other NGOs, especially those against mining company operations in East Kalimantan and other parts of Indonesia. These include JATAM (Mining Network), Jaring Pela (Coastal and Marine Network), and other advocacy NGOs.

While significant progress has been made to date, a number of areas need addressing to improve the programmatic and institutional capacity of YSTB and partner NGOs:

- The board of trustees, supervisors, and directors have little role in YSTB's organizational and operational activities. Early in the program, meetings and discussions took place to help set up the program's organizational structures and plan. These meetings and discussions, however, were discontinued. A lack of Board commitment and leadership, and the chosen structure and membership of the Board are among the factors that have hindered them from taking a role and responsibility in advising, controlling, empowering and providing technical and financial support to the Executive Board.
- The Executive Board is not receiving the attention, technical input, challenges or motivation from the Board of Trustees, supervisors and directors in programmatic and organizational implementation.
- Systems for monitoring, and performance evaluation have not been sufficiently developed or implemented in overall YSTB organizational and programmatic implementation. Tools or systems for programmatic evaluation have not been socialized with stakeholders nor with UNOCAL Indonesia. Participatory self-assessment within the NGO consortium and with the communities needs to be strengthened and further developed.
- The common vision between YSTB and the partner NGOs needs to be strengthened in order for every institution involved in the project to have a common understanding of the program implementation and its achievements. In this common vision, a phase out

strategy needs to be developed in order for the communities, NGOs, and YSTB to move toward self-management and self-implementation.

These observations and recommendations provide a basis for the institutional strengthening priorities planned for 2004. YSTB and partners discussed these issues with the assessment team and are actively working to address them.

An assessment of finances and administrative procedures complemented the programmatic assessment. This included an external audit by a local Indonesian firm contracted by CRC. Once the audit findings and report were submitted, The CRC Business Manager and the Finance Officer for CRMP met with YSTB and partners to review these findings and discuss follow-up actions. The audit did not reveal any significant weakness in the financial reporting. Audit fieldwork comprised of transaction sampling and review of management structure, providing an opportunity for the NGO consortium to witness the value of adherence to sound financial management practice. While the management letter includes a few specific recommendations for improvement, there were no significant findings on the financial audit. Audit recommendations and their assessment of the process was discussed at a meeting of the partners, CRC Business Manager and UNOCAL representative. The audit recommendations will become one element of the institutional strengthening for the 2004-work plan.

The CRC Business Manager and CRMP Finance Officer also reviewed a number of administrative areas. This included the functioning of the Board of Directors, and a review of the status of YSTB's business plan. Based on this review, these two items have been identified as additional priority themes for capacity building activities in 2004.

YSTB showed outstanding leadership in facilitating these external assessments and conducting parallel internal self-assessments among the NGO consortium. This degree of transparency and openness with respect to their operations and performance are hallmarks of effective non-governmental environmental organizations and demonstrate an organizational climate conducive to active learning and adaptive management. Such active learning and adaptation is essential to achieving the long-term goals of the program.

Phase 2: Implementation

Community Engagement, Issue Identification and Group Selection

Field activities were initiated once detailed work plans were developed by each participating NGO. YSTB, through its public awareness activities, engaged communities early in 2003. A multi-stakeholder workshop in program development in 2003 was the first event held involving various stakeholders in Balikpapan and Penajam Paser Utara. Later, cross-visits to CRMP's project sites in North Sulawesi helped to develop an understanding that a key success factor for the Coastal Community Development Program is the process of organizing the community and the social dynamics of participation. In each of the communities, agreements were then reached concerning services to be provided, particularly for those involving micro-credit schemes.

Phase 2 activities were started in earnest in June 2003 following the completion of Phase 1 activities. YSTB began working directly with local community groups and village government officers in three pilot sites. In three other sites, YSTB started working closely with partner NGOs directly responsible for working with the local communities.

Initial activities undertaken in the selected communities included issue identification, group selection and training. The priority issues for each of the communities had initially been identified during the YSTB strategic planning process and discussed intensively with stakeholders. These issues were further defined through individual interviews and focus group discussions with respected members of the community, as well as through community meetings. Partner NGOs identified priority issues differently. *AMaN* conducted a series of community meetings with their constituents in Manggar village to collect input as well as to inform and seek approval from the community to join the project. *SIKU* conducted a series of individual interviews with key informants in Gersik village. *Lingkup Sepaham* used existing secondary information compiled from a local workshop on participatory community planning conducted by UNOCAL Indonesia and the *Pesut* Foundation in Nenang village in November 2002.

All field activities conducted have used a collective approach of working either with existing or newly formed community groups in each site. Group selection in each site was conducted differently, mostly based on the priority issues identified. *AMaN* selected nine housewives groups as well as some fishers groups based on their constituent-building process conducted several years before the CCDP was initiated. YSTB selected some groups of fish farmers and housewives in Kariangau based on a community proposal and considered the priority issue of community livelihood improvement. In Margo Mulyo, YSTB selected the community's existing mangrove group, which had developed a mangrove seedling business since mangrove management is the strategic issue in this village. *Lingkup Sepaham* selected five community groups, based on occupations, after reviewing priority issues identified through a participatory community planning workshop conducted by *Pesut* Foundation and UNOCAL Indonesia in November 2002. Based on priority issues as identified, *SIKU* selected to work with groups of shrimp farmers and fisherman.

Selection of beneficiary groups for micro-enterprise and livelihood development was conducted differently in each site depending on which NGO was implementing the field activities. Some NGOs target low-income community members who may require assistance to help them develop additional livelihood opportunities. Other NGOs promote and support local initiatives identified and developed by the community groups themselves.

Coastal Community Development Projects

This section of the report provides an overview of activities and outcomes achieved in each of the communities selected. It concentrates on results achieved after issue identification and group selection had been completed. Training programs for community groups began once issues were identified and community groups selected. Initial training events concentrated on livelihood development and micro-credit schemes. *AMaN* and *Lingkup Sepaham* conducted training programs on micro-credit management for their beneficiary groups in June 2003. Nine housewives groups were involved in training conducted by *AMaN* and

Lingkup Sepaham in June 2003. A cross-visit to industrial fisheries sites in East Java was conducted by *AMaN* in June 2003. This best provided beneficiary groups with ideas on fish processing opportunities. Nine representatives of community groups participated in the tour. Cross-visits to sustainable shrimp pond management sites were conducted in Bontang by *Lingkup Sepaham* in order to obtain information on how to develop these practices in Balikpapan Bay.

Kariangau

YSTB implemented program activities in Kariangau. In coordination with CRMP East Kalimantan, they conducted site profiling to collect baseline information. This process was similar to the process conducted in Margo Mulyo, but also used information collected previously by CRMP during the development of integrated bay management plan. Other activities conducted included assistance to a women's group in developing a milkfish packing business, and to a group of crab collectors for developing a pilot crab fattening culture project, and to others for mangrove replanting and management. Two groups- a women's group named *Semangat Baru* and a fishermen's group named *Sumber Bahagia*- have been formed and each has developed the organizational rules/manual to direct their activities.

Women's Group: As many as 40 women (*Semangat Baru*) from RT 1 and RT 2 (neighborhood association) participated in the training for alternative livelihood on milkfish packing (*Bandeng Presto Processing*). The fish processing training was delayed due to the fasting month of Ramadhan. A series of facilitation meetings were conducted. Members of the group have collected money starting October 2003 with each member contributing Rp. 1000 every month. This money provided additional capital for the activity. Several discussions of the milkfish packing project as an alternative livelihood have been held since July 2003. However, no activities or training have started. The women's group has become impatient with the length of time spent in discussions rather than concrete activities. As a result, some members have withdrawn from the group.

Fishermen's Group: The fishermen's group has conducted mangrove seedling and mangrove replanting in front of the village. However, a low survival rate has discouraged the community from continuing the rehabilitation as a way to protect their beachfront. An oil spill and herbivorous gastropods are suspect as the major causes of the low survival rates of mangroves replanted. Two harvests from the crab fattening project have been made. The first was considered a failure by the group since they did not make any profit. From 30 kg of seed stock, after 30 days they harvested only 33.5 kilos- a mere one percent weight increase. In the second harvest, the weight doubled from 20 kilos of seed stock to a harvested 46 kilos. A third attempt is underway. Three additional cages were constructed. Local government has supported the effort in spite of a lack of consistency in production and a lack of cost-benefit analysis of the initial pilot project. Village government support of the community development activities of the YSTB is considered low at this time.

Margo Mulyo

YSTB conducted site profiling to collect baseline information for project planning. Information was collected through individual and focus group discussions, interviewing of key community informants and government officials, as well as through community meetings. Participatory community planning was initiated in June 2003 that resulted in a community-based coastal resource management planning initiative centered around the issues of protecting mangrove forests and fishing zones. The village head (*Lurah*) and sub-district administrator (*Camat*) acknowledged the minutes of the community meeting and pledged to support the initiative. The planning process is continuing and a plan to promote mangrove protection through legal adoption of a district ordinance is ongoing. Socialization of programs and public education has been conducted both formally and informally within the village.

The management committee has adequate capacity to care for and protect the mangrove forest and seedlings and to implement planting. Awareness of the need for conservation of the mangrove and commitment to mangrove reforestation is high. However, community involvement remains limited only to the fishermen's group, which includes 32 fishermen. These are mostly shrimp fishers who fish around the mangrove areas and within Balikpapan Bay.

A fishermen's group called *Tepian Lestari* has been formed and is involved in training programs in different areas including natural resources management and mariculture techniques. The group was formed to improve the economic welfare and communication among fishermen in the area of coastal management. The fishermen's group, in cooperation with *Bappedalda*, Wahitari Foundation (a national NGO) and YSTB has initiated mangrove rehabilitation. In addition to this activity, the *Bappedalda* has developed an additional livelihood effort for the fishermen's group by providing conservation funds for production of mangrove seedlings. The group is paid Rp. 1500 for each mangrove seedling that is later planted in *Bappedalda* rehabilitation project sites around Balikpapan Bay. The seedlings were planted in abandoned shrimp ponds and along the small rivers and canals around Margo Mulyo. Other initiatives by the local government and Wahitari Foundation have facilitated the construction of a meeting hut (Gazebo), installment of signboards for the city mangrove forest protection, provision of a patrol boat for mangrove sanctuary surveillance, and the rehabilitation of the water supply system.

The community has established a mangrove sanctuary area. The next step is to facilitate the legal adoption of the sanctuary by the city authority. The community has identified abandoned shrimp ponds and existing ponds and mangrove areas that have the potential for management and protection, however, a clear spatial plan is not yet developed. A multi-stakeholder discussion resulted in consensus decision by the community to maintain the mangroves in Margo Mulyo. Agreements were reached on: 1) the thickness of mangroves on the river edges and channels, 2) the obligation of pond owners and the private sector to contribute to environmental protection, 3) the need to develop a spatial plan for Margo Mulyo, 4) the need to rehabilitate rivers from sedimentation, and 5) the need to identify abandoned ponds for rehabilitation.

Gersik

SIKU identified several priority issues in Gersik village. Discussions with an existing fisher and fish farmers group identified mangrove and mariculture pond management issues. Two other issues (public water supply and health) were identified. Although these two issues are not directly related to resource management, they are seen as strategic entry points in organizing the community since they were priority issues identified by the community. *SIKU* invited the Community Development Department of UNOCAL Indonesia to assist with the public water project and has coordinated with the district public health office on public health issues.

In general, *SIKU* capacity to implement community development programs in Gersik is adequate and has increased considerably in the final months of 2003. The NGO's technical and managerial capacity does need improving if it is to undertake complex management programs such as mangrove and shrimp pond management or development of a comprehensive coastal resources management plan.

Community groups have been established to address several development issue areas. These groups are eager to be involved and support the development project in their community. Community work needs to be implemented according to the goals the group has set. Water pipes have been installed and are supplying water to 22 families in RT 1 and RT 2 (neighborhood associations). Additional pipes need to be installed for 5-7 families that still have no water piped into their houses. An agreement on mangrove area management in the Riko watershed has been signed by local government agencies, local NGOs, the private sector, the sub district and local communities in Kabupaten Penajam Paser Utara. The agreement has also been signed by the Bupati of Penajam Paser Utara. The agreement has resulted in the suspension of the illegal clearing of a huge mangrove area of 750 ha planned for pond culture development. A letter from the Bupati and the local police indicated the suspension of the activity.

SIKU has facilitated the activation of weekly medical services provided by the Health Office (Dinas Kesehatan). A medical officer has been assigned to serve there once a week. The services provided include infant health care and free medication. However, there are still problems with delays of health officers in receiving payments from the Dinas Kesehatan. The cause of the delay seems to be that the authorized agency for payment is still the former Kabupaten Pasir and has not yet been transferred to the new Kabupaten Penajam Paser Utara.

Two groups of fishers and fish farmers are involved in the environmental protection and fishery management activities within the mangrove area. This includes the development of a spatial plan in Gersik including areas for pond mariculture, conservation (for the intact mangrove areas), protection (no take zones), and utilization for crab fishing and other fishing activities.

Nenang

This village is the institutional home base of *Lingkup Sepaham*. This NGO is working to address issues identified by the community involving micro-credit, livelihood development, mangrove and mariculture management, and environmental education. Six community

groups were selected and/or created to receive a total of 20 million Rupiah for micro credit schemes provided under this project. The groups were involved in cake making, *bubu* (fishtrap) making, fishing, basket making and a local grocery business. Each group developed their own agreements and procedures for credit repayment mechanisms using the collective pressure (*tanggung renteng*) approach. Training activities in credit management and livelihood were conducted for each group.

The micro-credit and livelihood development programs are managed in terms of the management of finances. Each group has shown a strong commitment and enthusiasm in developing their respective economic program. Each member of the group is encouraged to profit from the system. The procedure is consistently implemented. The group had made repayments for four months (out of a total of six to 10 months required). Each member has also purchased insurance to repay the loan in case of death. Two groups of fish trap makers have identified markets with high demand as far away as Tarakan, Bontang and other areas further north. One group of housewives (cake makers) provides cakes for each meeting in the office of the district legislature located nearby, as well as for local consumption. One group of grocers provides supplies for local basic community needs. One basket maker has also been funded through the micro-credit project. There is a one percent service fee collected by *Lingkup Sepaham* every month for administration. In addition, each group adds another 10 percent to be used as “savings” that provide additional capital for future activities. Collective pressure (*tanggung renteng*) is implemented if one member is unable to repay his obligation. Double-book records of payment and savings are kept as a crosscheck mechanism for both *Lingkup Sepaham* and each person in the group.

The shrimp mariculture trial group has conducted intensive monitoring especially of water quality and the weight gains of the shrimp cultured. Shrimp survival rate was low due to white spot disease but shrimp fry production has provided a steady revenue. From July to November 2003, Rp. 1,336,000 was gained revenue from selling of shrimp fry. In spite of these economic gains, the objective of developing environmentally friendly mariculture ponds is, at this point, considered a failure due to other technical problems and diseases brought in from neighboring ponds.

The institutional capacity of *Lingkup Sepaham* to conduct and manage the micro credit project is good. Training and support from *Lingkup Sepaham* to the micro credit groups needs to be continued and improvements made in the quality of products produced by the micro-credit groups.

Manggar

AMaN has been working in this community for several years. Under the CCDP they have implemented a suite of micro-enterprise and livelihood support activities for fishermen and families. Nine community groups, consisting mainly of fishermen’s housewives, have been selected to receive micro-credit. They have been involved in livelihood development programs for processing fisheries products such as salted fish and fish nuggets.

The nine women’s groups received micro-credit, which has been distributed in Kelurahan Manggar, Kelurahan Teritip, and Kelurahan Lamaru. Most of the funds are intended to support shrimp and fish drying, fish processing (fish nugget) as well as the expansion of

existing fish drying facilities. The revolving fund system is the mechanism for credit distribution through an *arisan*. In this system, the head of the group gets the first opportunity to access the fund (Rp.500.000) and with the next turn decided by a drawing of lots. The duration for return payment is eight months through monthly installments as follows:

| | |
|---------------------------|--------------------|
| Fixed installment | Rp. 62.500,- |
| <i>Arisan</i> installment | Rp. 10.000,- |
| Service fee | Rp. 5.000,- |
| Additional Savings | <u>Rp. 2.500,-</u> |
| Total | Rp. 80.000,- |

The one who wins the draw is obligated to use 50 percent of her *arisan* money for her business and 50 percent may be used for economic support of her family. Collective pressure (*tanggung renteng*) is used if one is unable to pay her obligation.

Similar to Nenang, there has been little attention paid to investigating the marketing challenges associated with the micro-credit and livelihood schemes. Financial support was granted to those groups with livelihood activities already underway. However, no technical support in skill areas such as marketing was provided. There has been no additional training provided to these groups on how to run an efficient, professional business.

AMaN has also helped fishermen groups in East Balikpapan to develop a strategic plan for communities in coastal resources management. A range of coastal management issues have been identified. These include the degradation of coral reefs and mangroves, lack of infrastructure, lack of capital, sanitation and water supply, lack of enforcement to stop destructive and illegal fishing practices, coastal pollution, beach erosion, and tourism potentials. Developing management strategies to address these issues is the next step in the planning process.

Mentawir

YSTB conducted site profiling to be used in promotion of a mangrove protected area in the village. A priority issue identified includes mangrove management by local shrimp farmer groups. Community organizing at this site has been minimal due to a shortage of field personnel and funds.

Provision of Material Support

Each NGO has established a local office. A fully utilized, two-story, six-room house was rented for the YSTB office in Balikpapan. *SIKU* established its office in the town of Penajam with a field office in Gersik village. *Lingkup Sepaham*, whose membership comprises primarily community members, established their office in Nenang village. *AMaN* had an existing office in Manggar.

All basic equipment for the CCDP was purchased by the end of June 2003. All offices are equipped with a minimal amount of office equipment, such as computers, furniture, telephones, faxes, and Internet access. All offices have electricity, piped water and phone

lines. The YSTB office also purchased two motorcycles for fieldwork, four computers and one laptop, and installed a local area network. Existing equipment includes a photocopy machine, a digital camera and one laptop computer. No technical instruments were purchased, such as GPS or water sampling devices, due to the limited budget and based on prioritization of initial needs. Field sampling instruments have been borrowed from other institutions as needed. All material support and equipment purchases were completed by mid-year.

Outreach and Education

YSTB staff have been actively involved in the development of various resources management articles in the local *Kaltim Post* newspaper. Information for these articles has been provided by the consortium of environmental NGOs in East Kalimantan and supported by USAID's Natural Resources Management program, The Nature Conservancy and CRMP. Three articles were published in the second edition of the *Ulin* (special insert) pages in May 2003. There was also an interview of YSTB staff by another local newspaper (*Tribun Kalimantan*) and published under the title "Balikpapan Bay Environment in Danger (*Lingkungan Teluk Balikpapan Kritis*)". YSTB has continued to provide information and articles to local news outlets.

Assessment of Results

The CCDP has conducted several assessments of YSTB and NGO partner activities over the last year. These include external assessments by CRMP and CRC-URI staff as well as internal assessments by the NGOs themselves. These assessments have addressed both programmatic and administrative aspects of the CCDP, and are viewed as a good indicator of adaptive and reflective program management. These assessments were described in the previous section on capacity building and mentoring. In this section, a summary of key findings and recommendations is provided, with a focus on the most recent assessments conducted in November.

Interim Assessments

Two interim assessments were conducted in June. A programmatic assessment was conducted by Brian Crawford of CRC-URI and Maurice Knight of CRMP, followed by a financial and administrative assessment conducted by Cindy Moreau of CRC-URI and Pahala Nainggolan of CRMP. Findings and recommendations from these assessments were reported back to the YSTB board for internal review as well as to each NGO partner. Highlights of these assessments are described below.

At the mid point of the project, most project activities focused on strengthening the capacity of YSTB and local partner NGOs to design and implement community-based coastal development and management programs in coastal communities. Only in the later half of the year did these groups start to engage communities and community groups in an intensive manner. At mid-year, significant progress had been made in setting up the basic administrative infrastructure for program implementation, including development of boards; staff hiring; office rental; equipment procurement; development of financial procedures and

personnel policy; establishment of sub-agreements and Memorandum of Understanding signings; consortium charter agreement; identification of target communities; detailed workplan development; networking and advocacy initiatives; and identification of other potential funding.

While significant progress was made, there were areas that needed improvement. Recommendations made at the mid-point in the project included restructuring of board membership composition to expand the representation of stakeholder groups to include prominent Balikpapan business and government leaders; improve field-level staff skills in micro-credit schemes and coastal resource management; and define clear indicators of success and performance, as well as an associated monitoring system. In developing relationships with UNOCAL Indonesia, YSTB needed to identify opportunities where UNOCAL staff could provide volunteer services and provide more publicity concerning UNOCAL Foundation funding of the community development activities being undertaken. Additional recommendations were made concerning community level work at the mid term assessment, but are not repeated here. Rather, summary recommendations from the final assessment provide a better benchmark of the current stage of progress and are provided at the end of this section.

Several areas in need of financial and administrative improvement were identified at mid-year. For instance, while YSTB had complete documentation of personnel policies, not all NGO partners did. Some NGO partners faced deficit budgets since their programmatic activities were far too ambitious or they hired more staff than was initially allocated in their budgets. They needed to reduce some activities to match their financial resources. Bidding processes for purchasing equipment as required in the financial and accounting system were not properly followed, and documents to justify deviations from standard procedure needed to be prepared and filed.

Self assessment

Self-assessments were conducted by the consortium of NGOs after the mid-year assessments were completed. The results of these self-assessments are provided below. In general, each NGO developed a detailed work plan and field activity design and related budget allocation for community development activities. However, most field officers did not have experience in doing systematic and structured planning and reporting. In addition, they were not required to submit detailed budgets per activity as part of their work plans nor to submit budget requests to either YSTB or their finance department. Development of TORs was also considered as an extra task rather than a standard operating procedure. Information specific to each NGO is provided below. In general, NGO partners have been responsive to developing of financial and administration systems for the project. Partner NGOs demonstrate increasing enthusiasm and initiative in using the simple cashbook management system. This has also resulted in development of simple budget planning procedures for activities, as required for budget requests.

YSTB YSTB needed improved staff capacity in program and technical development. The tasks of developing program plans and technical designs were performed mainly by program officers. Field staff lacked adequate skills to develop field technical plans, including writing

TORs, documenting the process and findings, and/or writing activity reports. They needed intensive assistance from program officers. Field staff need to improve their use of forms and questionnaires.

AmaN Staff had very low capacity in program development. This largely owes to the fact that the experience levels and educational backgrounds of staff are out of line with what would be optimal for the project. Because most staff are university graduates, however, their ability to improve their understanding of new concepts, methodology and content areas is high. To some degree, it has been difficult to integrate AmaN's existing activities into the CCDP. More work on refining activities is needed. Staff are able to apply simple and complex cashbook management procedures and to use computerized accounting systems. They met all financial prerequisites for establishing a bank account.

SIKU This organization consists of a group of experienced university graduates. They were very receptive to technical assistance provided by YSTB. They easily integrated development of TORs and activity proposals while following the financial planning procedures used for this project. Their forms are being used and adopted as prototypes for program management in YSTB and the other NGO partners. SIKU's weakness was in matching activity planning with budgets consistent with CCDP limits. Their tendency was to propose programmatic activities well beyond the limit of budgets provided by the CCDP. The positive upshot of this is that it has forced SIKU to fundraise from other sources. YSTB has assisted SIKU with fundraising-providing information on funding opportunities and offering assistance in writing proposals. SIKU staff are able to apply simple cashbook management. Since they are a newly established institution, they achieved significant progress in developing their systems. They have provided initial financial prerequisites of bank account information and detailed budget planning information was attached to budget requests.

Lingkup Sepaham This is a community group comprised of members with a wide variety of educational and social backgrounds. This group had difficulty understanding the concept and methodology of the community development program and in following proper procedures. They tended to rush through activities as scheduled without taking enough time and attention to ensure proper organization. Some confusion occurred when they initiated micro-credit schemes and community training without a thorough understanding of how to develop these. YSTB addressed this issue by providing staff with technical training on how to develop micro-credit schemes, including management of beneficiary groups. YSTB also supported them in the process of community group organizing. Staff skills in finance are weak. While there has been some progress in recording cash in and cash out, appropriate systems for financial reporting remains to be developed. Lingkup Sepaham did not have bank account information until June 2003, as they initially lacked the legal documents required to open an account. Funds were initially placed in individual accounts without proper records. Significant progress has been made building staff skills in budget planning and developing TORs.

Final Assessments

Several end-of-year assessments were conducted in November. These, as well as an external audit, covered financial and administrative management. The results of the assessments are provided below.

Assessment of Institutional Capacity of YSTB and Partner NGOs and Recommendations

YSTB

- Technical capacity and experience at the managerial level is adequate to support field activities and community development programs.
- The two Field Extension Officers working in Kariangau and Margo Mulyo need support from the YSTB field supervisors. This support may be provided in the form of moral support by connecting and introducing them to a local Kelurahan Government and occasionally accompanying them during formal consultations with the Lurah, especially the Lurah in Kariangau.
- Field Extension Officers need improved technical and programmatic skills in developing the Kelurahan/village coastal resources management plans. Further training/support is also needed in issue identification and profiling, stakeholder identification, plan development, implementation of early actions and program evaluation. The Field Extension Officers also need skills building in effective communication with the community.
- YSTB leadership or field supervisors should make frequent visits to support the field activities and socialize the organization's strategy and expectations.
- Supervisors should routinely read and review monthly field activity reports and provide feedback Field Extension Officers.
- Office facilities to support the activities are adequate.
- In Kariangau and Margo Mulyo, an information center may be developed to support public education.
- The charter of YSTB needs to be altered to specify terms of board membership, expectations, and responsibility. Current governing documents indicate an infinite position for founders and Board of Directors without specifying the roles and responsibilities for membership. To build organizational stability, the obligation of board membership must include active commitment to the foundation- via time, funds, vision, mission and execution. To build organizational credibility, the Executive Director requires the benefit of leadership of the board to guide the implementation of activities that carry out the mission of the YSTB. To generate active participation, re-structuring of the board ought to embody an appropriate cross-section of the bay area community including private sector, NGOs, educators, legal, financial and administrative representation.

SIKU

- Office facilities to support the activities are adequate.
- The District Government of Penajam Paser Utara has encouraged SIKU to socialize their field program activities to gain future support from the local government. This recommendation should be acted upon.
- Staff capacity is improving following involvement in an Integrated Coastal Resources management training event held in Bogor.
- Technical staff need to be introduced to issue-based coastal resources and development profiling.
- Additional cross-visits to Minahasa, North Sulawesi should be undertaken. These will promote learning on issue-based program and community based management. These visits will also provide insights on higher level legislation processes (e.g. PERDA on Community-Based Coastal Resources Management).
- This group's executive board needs to work toward independent program management in the future and toward that goal needs to identify and secure adding funding for the organization.

Lingkup Sepaham

- Office facilities to support the activities are adequate.
- *Lingkup Sepaham* was encouraged by the District Government of Penajam Paser Utara to socialize their field program activities and to also integrate into their program similar activities supported technically and financially by the local government.
- Staff capacity in facilitating the micro-credit management is adequate. However, the capacity for developing issue-based coastal resources and development profiles needs improvement.
- The strong relationship with local government agencies has the potential for good future cooperation and support.
- Strategies to secure new funding for the organization need to be developed.

AmaN

- Office facilities to support the activities are adequate.
- Staff capacity to develop issue-based coastal resources and development profiles needs improvement. This could possibly be accomplished through an internship program with experienced NGOs such as Yayasan Pesut or through YSTB technical assistance.
- AmaN may do better by focusing on a single rather than multiple communities for development programming. They should begin their efforts with development of a focused coastal community development and coastal resources management plan.
- Additional technical training on issue-based coastal resources management should be provided to technical staff.

Recommendations for Institutional Coordination and Cooperation

- At the program implementation level in the field, coordination between stakeholders is evident but needs to be broadened not only to those groups directly involved in the project, but also to others. Coordination generally occurs in the form of personal communications. Institutional coordination has yet to be improved, especially in terms of

the YSTB and the stakeholders in their relations with the local government. Coordination and cooperation with decision makers within the local government institutions such as the Provincial *Bapedalda* and the *Dinas Perikanan dan Kelautan* Balikpapan (Fisheries Office) also need to be improved.

- Coordination and cooperation between the institutions working under YSTB is evident but limited mainly to how it is defined in job descriptions as stated in the contract. Actual cooperation must increase and be broadened to create a synergy between all NGOs working together under this agreement and with other NGOs supported by UNOCAL East Kalimantan.
- Each NGO has the responsibility to implement their program. However, cooperation with the other NGOs should be strengthened. This includes integrating efforts and building stronger relationships so as to tap into each other's capacities, skills, and expertise in a synergistic way. Cooperative relationships will benefit not only attempts to secure financial support, but will also benefit project implementation.
- Philosophies, approaches and project language used by the NGO partners differ. These differences can be a strength, but need to be better defined to avoid confusion in their relations with the community, with other stakeholders and with the UNOCAL Community Relations Office.
- Baseline information about the project sites must be developed as a basis for comparison in program development and progress review.
- Program-supported micro credit groups and livelihood activities should be decided in coordination with local government and the communities involved.
- YSTB and the partner NGOs capacity in ICM also needs to be improved-especially among the field extension staff. The field staff of YSTB and the partner NGOs need more training in coastal management planning, community facilitation, conflict resolution techniques and in participatory approaches.

Recommendations for the Community Development Projects

Kariangau

- Training for the women's group must be implemented soon to ensure the women's commitment and involvement in activities.
- Regarding the milkfish packing project, before undertaking the training and moving forward with the plan, there needs to be a cost-benefit analysis of the project. According to the Fisheries office in Balikpapan, this project has been tried before by another group in Sepinggan village in cooperation with the Department of Industry and Trade. However, the project failed for various reasons including the inferior taste and quality compared to other products already on the market which are imported from Central Java. The price was also more expensive than other market products. In this respect, YSTB needs to coordinate their activities with the fisheries office or at least conduct a discussion and cross visit with the group which had attempted the same kind of activity but failed. Staff from the Fisheries office in Balikpapan raised a concern that a similar failure may be faced if the quality of processing is not as good as the imported one and/or if the price is higher.
- Regarding the pilot project in crab fattening, there needs to be a cost and benefits analysis undertaken. It seems that crab fattening only adds 3 – 5 kg to each pen for 20 days of

fattening. This may not be profitable given the time, manpower and the capital put into the project.

- While village level government involvement is a key to project success, there seems to be little or none for the project activities in Kariangow. Regular visits by the director and the YSTB program managers to the village government may be a good way to involve the head of the village in supporting and encouraging the villagers to implement the activities.
- Community awareness about mangrove planting and protection is increasing.
- The newly planted seedlings must be cared for by clearing the seedlings of the herbivorous gastropods that feed on the leaves or by covering the leaves with transparent plastic bags to prevent exposure to oil spills and by pests.

Margo Mulyo

- Informal meetings in the village were proceeding well but needed to be combined and followed up with formal meetings and agreements. Decisions made at meetings needed to be taken into consideration during implementation phases. Early implementation actions are needed to sustain the interest of the community in the project. Training has already been provided to the community group and needs to be continued throughout the implementation. The community group expressed concern that YSTB involved the community in the training but provided no further explanation on what was to be done afterwards.
- Development of an eco-tourism project surrounding the mangrove sanctuary might provide an alternative livelihood for fishermen. This project needs to be planned carefully with the community as this initiative may only benefit people outside rather than inside the local community- as is happening in many other places. This program, which has been discussed with the local government. needs to be carefully analyzed and socialized to the community. Cost-benefit analysis and the strengths and weaknesses of eco-tourism projects need to be studied and discussed openly with the community.
- A micro credit model similar to that developed in Nenang might be a good option for the community in Margo Mulyo.
- Instead of having general rules for the city mangrove sanctuary, a detailed ordinance should be developed stating clear rights and obligations as well as guidelines for management, as well as sanctions for violations of the ordinances. The protection of the mangrove must also include the protection of channels in between.
- Community involvement needs to be broadened to include not only the fishermen and those living adjacent to the coastal area, but also those who are not fishermen and those who live farther away from the coast.
- The Management Committee's and the fishermen's awareness of and commitment to mangrove replanting and protection should be maintained not just for the economic benefit, but also for environmental benefits. The groups seem to be planting seedlings only to be sold to the government offices for reforestation projects. This is useful as an additional livelihood for fishermen, but it is unclear whether this results in changed environmental ethics. The concern is that if the local government doesn't buy or need mangrove seedlings anymore, these efforts in mangrove conservation may disappear.

- Training programs need to be tailored to and focused on the problems and issues identified by the community during issue identification phases previously undertaken by Proyek Pesisir.
- To improve gender equality, a female from the community should be identified to serve as a field assistant to the Extension Staff in Margo Mulyo.

Gersik

- Regulations to limit fishing within specific zones must be followed up with strong enforcement through clear monitoring and surveillance mechanisms. Decisions must be made as to the institutional arrangement, who controls and enforces use of appropriate fishing gear and who is in charge of surveillance.
- A well-structured village management plan must be developed. This will help clarify institutional arrangements such as roles and responsibilities, funding responsibilities, actions, indicators to be monitor, surveillance, etc.
- The water supply must be better managed to overcome the water supply crisis. Monetary contributions from users should be collected to maintain the system.
- Further training and support to the management committee is needed to maintain the water supply, the pump and pipes.
- Training in how to conserve water and forest resources must be provided to the community in order to maintain the availability of clean water and forest resources for the community.
- SIKU and YSTB need to make public and explain the nature of different approaches implemented by Proyek Pesisir and by SIKU so the community will better understand and not always compare which one is better among SIKU, YSTB and Proyek Pesisir.
- The village agreement concerning spatial planning needs to be copied, distributed and socialized to the community and other stakeholders in the village. Endorsement from higher level government needs to be obtained.

Nenang

- Assessments should be conducted for the fish trap production since the use of *Bubu* is known to be potentially harmful to coral when coral piles are used to camouflage the trap. While it may be economically beneficial to the trap makers, it may increase environmental degradation resulting in long-term negative impacts to trap fishers. Additional trap-making livelihood projects should be avoided in the future.
- The quality of the basket made from coconut leaf ribs must be improved because over time insects may damage the rib.
- *Lingkup Sepaham* should not only perform the role as an alternative funding institution for the community groups but also should provide technical assistance for the micro credit groups in seeking other useful and productive livelihood programs.
- The commitment of shrimp pond groups needs to be maintained and increased. Technical support to the group needs to be increased and explanation of sustainable shrimp culture needs to be provided to the group.

- Involvement of fishermen outside the shrimp farming group is needed to reach a common agreement on pond management, environmental quality of mangrove ecosystem and in timing of farming to start and to harvest.
- As indicated in the interim assessment report, there still does not seem to be much attention paid to investigating the marketing challenges associated with some of the micro-credit and livelihood schemes.

Manggar

- Involvement of the community in coastal management planning in Manggar needs to be broadened to not only involve those communities living near the coastal areas, but also others. There needs to be agreement and involvement in development of coastal management plans with non-coastal communities in the village. The strategic plan and marine sanctuary initiatives need to be focused on the integrated and participatory processes, which involve all stakeholders groups and communities in the village.
- The micro-credit groups in Manggar should consider adopting the insurance system and double-book record system like that found in Nenang.
- Shrimp fry fishing must be assessed in terms of sustainability since the fishermen have undertaken a massive increase in effort for shrimp fry fishing. Impacts of the fry fishery on catch of adult shrimp needs to be assessed. In addition, the future shrimp stocks may be depleted and thereby negatively impact the economic activities of the fishermen.
- Training in livelihood management, financial management and marketing needs to be continued and provided to micro-credit groups so they won't be dependent only on support provided in micro-credit projects.
- AMaN expressed some unhappiness with their involvement in the project given the current situation where they are under the supervision of YSTB. Future involvement of AMaN in the project needs to be carefully assessed and discussed.

General Recommendations

- There needs to be agreement among YSTB, and partner NGOs on the indicators of program implementation and achievement to be used in future assessments. This is very important in order that UNOCAL Balikpapan may be able to assess the programs and for all involved in the project to evaluate the outcomes of the project.
- In the future, priority for programs undertaken in the villages should be discussed and agreed upon with stakeholders in Balikpapan Bay. Included in the discussion should be selection of village sites, criteria for site selection, time of activities or involvement at the village level, and the indicators of success of the program implementation. All this must also be matched with the YSTB and the partners' capacities in being able to implement the program. This approach should be followed if there is any future expansion of program activities to new villages in the bay.
- YSTB and the partners need to evaluate the ongoing cooperation and partnership in the program implementation and decide whether or not to expand or reduce the number of NGOs collaborating in the program or to find other ways of collaboration. The project design, the roles of each participating NGO as well as the scale of areas (one or more villages) for field activities also need to be discussed and decided upon.

- Program transparency needs to be maintained so all stakeholders (the community at the village level, local government, NGOs and the private sectors) know about the collaboration of NGOs and funding support from UNOCAL. Information regarding the donor and those who are supporting the program is still limited and the communities and local government lack a full understanding of the overall program.
- The history and relationship between YSTB and Proyek Pesisir needs to be explained to the community. The programs of YSTB were not separate from Proyek Pesisir initiatives and were to some degree are furthering of Proyek Pesisir involvement at the village level.
- Access to information needs to be provided to other institutions and private sector groups especially to those who have programs around Balikpapan Bay. This is needed to avoid any unnecessary overlap and to create synergy and collaboration among those institutions.
- The local government has discussed and hopes that YSTB and the partner NGOs may integrate their programs with the local government programs. This needs to be considered seriously and maybe beneficial and important in the future program design and implementation.

Final Financial and Administrative Assessment and Audit

Institutional Strengthening

YSTB and partner NGOs are currently reliant on the UNOCAL CCDP for a significant portion of the organizational budget. Specific recommendations for institutional strengthening to be assimilated in the next phase of institutional strengthening (2004) are as follows:

- 1) Identify elements and structure for an organizational budget.
- 2) Attend NGO management training offered by Tifa Foundation; seek travel funds from local NGO designated for conference/training travel.
- 3) Develop a business plan that incorporates fund-raising objectives, marketing plan(s), and capacity building needs.
- 4) Write and socialize a brief (one page or less), simple statement of capabilities, organizational mission and vision.
- 5) Establish an indirect cost rate of 10 percent-based Indonesian national average rate to incorporate non-program specific flexibility into the organizational budget.

In the previous phase, emphasis was on getting the physical structure and capacity in place to enable implementation work to proceed. In addition to the revamping of the board previously mentioned, internal re-structuring is needed in order to facilitate the shift from planning to active implementation. The physical infrastructure is fully developed with each NGO having office space, staff, administrative procedures, and equipment. Internal organization for the coming work plan should encompass the following recommendations:

- 1) Review and possible modification of staff job responsibilities to reflect the shift from set-up to implementation.
- 2) Review of effort allocation system and modification of payroll entry system to allocate and segregate effort by program, objective, donor, etc.
- 3) Addendum to the standard operating procedures to incorporate lessons learned through set-up, administrative advisors and audit.

All of the above mentioned recommendations need to be reviewed and incorporated into 2004 program activities. This will be accomplished through the 2004 workplanning process.

Indicators of Progress

As part of the process of formative self-assessment of the CCDP, it is important to assess the degree to which conditions are in place for sustained action on the part of participating communities, as well as on the part of NGO institutions. In addition to the above assessments on progress, information on additional indicators is provided below.

There are 12 NGOs actively engaged with communities on community development, resource management and conflict resolution issues in the Balikpapan Bay area. (See Table 1 in the mid-term report for a specific list of those NGOs.) The CCDP is currently working with four of these (*AMaN*, *Lingkup Sepaham*, *SIKU* and *YSTB*), while several other NGOs, such as *YBML*, *KPI*, and *Pesut* preferred not to participate at this time. Funding for these NGOs comes from varied sources and there are differing levels of dependence on UNOCAL Foundation for support. For Instance, *YSTB* is 70 percent supported by the UNOCAL grant. *AmaN* receives approximately 25 percent of its funding from the UNOCAL grant and *Lingkup Sepaham* and *SIKU* are at resent wholly funded by this grant. As part of long-range planing and establishment of milestones, we anticipate that the high levels of dependency among some of the NGOs will be reduced as they demonstrate capability and build experience. Development and implementation of business plans is needed.

With respect to the consortium of NGOs, agreements on the timeline for implementation and expected outputs are described within the sub-agreement between *YSTB* and each NGO partner, as well as the joint agreement on principles to proceed with the project based on mutual commitment, transparency and goals. A written detailed work plan, budget and timeline for implementation has been developed by each participating institution. *YSTB* has provided technical assistance in developing these detailed work plans with *SIKU* and *Lingkup Sepaham*. *AMaN* developed their work plan independently and submitted initiatives for funding through the CCDP. The consortium has started work on a long-range 5-year program plan but this needs further development

Community groups engaged in community development and resources management are typically recognized under the Community Development Boards (LPM) in each *Kelurahan* and are usually based on occupational groups such as shrimp farmers or fishes. Baseline information on the number of such groups in Balikpapan Bay is not available. The project has involved a number of community groups in each area, mainly based on occupational

groupings. YSTB is working with a group of crab farmers in Kariangau and a group involved in mangrove culture in Margo Mulyo. *SIKU* has involved two groups of shrimp farmers and fisherman. *Lingkup Sepaham* has involved five groups of micro-credit recipients and one group of shrimp farmers. *AMaN* is involved with nine groups of housewives and five groups of fishermen. The consortium needs to track how many of these groups stay active and continue to benefit from initiatives facilitated and supported by the project. IN addition, they need to assess and document the extent to which the livelihood and micro-credit schemes have improved overall household income. We can expect that some of the pilot action research programs, micro-credit schemes or livelihood projects will fail. This needs to be tracked and the reasons why some fail and some succeed incorporated into a participatory evaluation process with the community.

A number of formal agreements have been developed with each community on the actions to be taken in Nenang, Penajam and Manggar. *Lingkup Sepaham* established five agreements to beneficiary groups of *bubu* (fish trap) makers (two groups), cake makers (one group), small peddlers (one group), and fishers (one group). *AMaN* has established nine agreements with housewives groups. For participatory action research, *Lingkup Sepaham* has established agreements with a local shrimp farmers group for sustainable mariculture research, while YSTB also has established agreements with local fish farmers for the development of crab fattening culture using floating cages. In addition to the number of agreements developed with the community, the number that are formally endorsed by local government within the village and at the District or municipal level is important. While informal or non-legally binding agreements can be effective, formalizing these agreements provides added weight and insurance and also allows local community groups to enforce rules among outsiders who may not have been part of the initial agreement negotiations.

We expect to continue to refine and improve our monitoring and assessment system as well as documentation of results in the upcoming year of the program.

Finance Report

A cumulative financial status report is attached for the period from December 2002 through December 2003.