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PROJECT PERFORMANCE ASSESSMENT REPORT

INDONESIA

LAND MANAGEMENT AND POLICY DEVELOPMENT PROJECT
(LOAN NO. 4731 [RENUMBERED NO. 7754]; CREDIT NO. 3884; P064728)

March 5, 2014

IEG Public Sector Evaluation
Independent Evaluation Group

Currency Equivalents (annual averages)

Currency Unit = Indonesia Rupiah (Rp.)

2000	US$1.00	Rp. 8,422
2003	US$1.00	Rp. 8,547
2006	US$1.00	Rp. 9,159
2009	US$1.00	Rp. 10,390
2012	US$1.00	Rp. 9,387

Abbreviations and Acronyms

Adat	Customary practices: defined as an uncodified body of rules of behavior, enforced by social sanctions, varying from time to time and from place to place
ADB	Asian Development Bank
BAL	Basic Agrarian Law (*Undang Undang Pokok Agraria* (UUPA), Law No. 5 of 1960)
Bappenas	*Badan Perencanaan Pembangunan Nasional* (National Development Planning Agency)
BPHTB	*Bea Perolehan Hak atas Tanah dan Bangunan* (Revenue for Obtaining Right on Land and Building)
BPN	*Bad an Pertanahan Nasional* (National Land Agency)
CPS	Country Partnership Strategy
ELAF	Enhancing the Legal and Administrative Framework for Land (Technical assistance program funded by ADB)
ERR	Economic Rate of Return
FAO	United Nations Food and Agriculture Organization
Hak Ulayat	Communal land rights
ICR	Implementation Completion and Results Report
IEG	Independent Evaluation Group (World Bank)
IEGPS	Public Sector Evaluations Unit of IEG
KPPN	*Kantor Pelayanan Perbendaharaan Negara* (State Treasury Office of Ministry of Finance)
Keppres	Presidential Decree
LGU	Local Government Unit
LIS	Land Information System
M&E	Monitoring and Evaluation
MOHA	Ministry of Home Affairs
NLPF	National Land Policy Framework
OECD	Organization of Economic Cooperation and Development
PAD	Project Appraisal Document
PPAR	Project Performance Assessment Report
QAG	Quality Assurance Group (World Bank)

Fiscal Year

Government: January 1 – December 31

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This report was prepared by John R. Heath, who visited Indonesia in December 2012. The report was peer reviewed by Una Elizabeth Meades and panel reviewed by Christopher D. Gerrard. Marie Charles provided administrative support.

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Principal Ratings

	ICR*	ICR Review*	PPAR
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	Unsatisfactory
Risk to Development Outcome	Moderate	Moderate	Significant
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory
Borrower Performance	Moderately Unsatisfactory	Unsatisfactory	Unsatisfactory

* The Implementation Completion and Results (ICR) report is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEG product that seeks to independently verify the findings of the ICR.

Key Staff Responsible

Project	Task Manager/Leader	Division Chief/ Sector Director	Country Director
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IEG Mission: Improving World Bank Group development results through excellence in independent evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20-25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: http://ieg.worldbankgroup.org).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Preface

This is the Project Performance Assessment Report (PPAR) for the Indonesia Land Management and Policy Development Project (Loan Number 7754; Credit Number 3884; P064728). The assessment aims, first, to serve an accountability purpose by verifying whether the operation achieved its intended outcome. Second, the report draws lessons that are intended to inform future operations of this nature.

Financing of US$65.6 million was approved by the Bank's Board on April 29, 2004, and became effective on August 31, 2004. The operation closed, as expected, on December 31, 2009. Actual project costs were US$51.6 million, compared to the appraisal estimate of US$87.6 million. A total of US$24.5 million of Bank financing was canceled.

As part of the assessment, IEG visited Indonesia in December 2012. In addition to Jakarta, the mission traveled to the provinces of Yogyakarta (Sleman), South Sulawesi (Maros) and East Java (Blitar), conducting interviews in provincial capitals with officials and beneficiaries.

The findings of the report are based on a review of project documents, Bank electronic files, academic books and articles, and interviews with Bank staff, government officials, representatives of donor agencies, and beneficiaries (listed in Annex C).

IEG much appreciates the assistance of all those who participated in the assessment, including staff at the Bank's office in Jakarta and the mission's interpreter, Mr. Indra Sofyar.

Following standard IEG procedures, the Government of Indonesia was invited to comment on the draft PPAR, but no comments were received.

Summary

In Indonesia, the laws and regulations bearing on land administration have multiplied by a process of accretion since the period when the country was a Dutch colony. Compared to other countries in the East Asia and Pacific Region, the legal framework in Indonesia is more complex and internally contradictory, and the formalization of land tenure has made less headway. The World Bank followed up its support for the FY1995-2001 Land Titling Project with the FY2004-09 Land Management and Policy Development Project, which is the subject of this assessment.

The objectives of the project were to "(i) improve land tenure security and enhance the efficiency, transparency, and improve service delivery of land titling and registration; and (ii) enhance local government capacity to undertake land management functions with great efficiency and transparency." IEG regards item (i) as having two separate objectives, and therefore assesses the project against the following objectives: improve land tenure security; enhance the efficiency and transparency of land titling and registration; and increase the efficiency and transparency of local governments' land management.

There were five project components:

- The *Land Policy and Regulatory Framework* component sought to introduce reforms that would increase tenure security.
- The *Institutional Development, Capacity Building, and Training* component funded development of a long-term strategic plan for the National Land Agency (BPN), which included provision for uniform service standards, training and data management.
- The *Accelerated Land Titling* component involved a campaign to increase community awareness of, and participation in systematic titling (which involves a one-time, area-wide sweep) and sporadic titling (which addresses, one-by-one, individual requests for title as they arise).
- The *Land Information System* component supported the development of a national strategy on data sharing and data standards.
- The *Local Government* component attempted to advance the decentralization of a menu of land administration functions, building the capacity of sub-provincial administrations.

The project covered eleven provinces: all five provinces in the island of Java (the most institutionally-developed part of Indonesia) and selected urban centers in six provinces outside Java. The titling initiative excluded forests and protected areas, as well as land subject to customary tenure.

The main achievement of the project was to hand out 1.7 million titles to landowners, 71 percent of the appraisal target. The achievement of this target varied from 40 percent in West Kalimantan to 100 percent in Yogyakarta. In other respects, the project fell short of expectations. Several studies were conducted on land policy, but their recommendations were not adopted and no progress was made with legal reform. There was no reduction in the cost of land titling which, at 10 percent of land value, is more than double the regional average.

The Land Information System was not implemented. While there was a substantial training effort for local government staff, and five pilots were fully implemented in different parts of Indonesia, the decentralization of land administration was hamstrung by the lack of budget and the limited steps taken by the various government agencies to share land management information.

The outcome of the project is rated **unsatisfactory**. The academic literature leaves little doubt that the objectives of the project—particularly the objective of increasing tenure security—were substantially relevant, although the Bank's country strategy had by project closing pulled back from its earlier commitment to strengthen land administration. But design relevance was modest: the components and activities sponsored by the project largely neglected the geographic and thematic areas where tenure security was most pronounced. Actual achievement of the three objectives of the project was limited. Progress toward the objective of *increasing land tenure security* was hindered by the absence of legal reforms and the patchiness of systematic titling. The lack of improvement in the time taken to register land and the uncertainty about the costs of registration (including the persistence of irregular side payments to officials) suggest that the objective of *increasing the efficiency and transparency of land registration* was not achieved. Finally, despite the project's financing of capacity building, progress toward the objective of *making local government land management functions more efficient and transparent* was hampered by weak inter-agency coordination, both within provinces, and between the provinces and the central government. Efficiency was modest given the high and divergent costs of land titling, which accounted for 83 percent of actual project costs.

Risk to development outcome is rated **significant** because the main result of the project—the distribution of land titles—may be compromised if subsequent transactions are not registered owing to the high costs of doing so; and because Bank and Borrower commitment to reforming land administration appears to have waned. Bank performance is rated **moderately unsatisfactory**, partly because the project design underestimated the difficulty of coordinating the three implementing agencies and, throughout preparation and implementation, not enough attention was paid to how greater tenure security would be achieved. Borrower performance is rated **unsatisfactory**, mainly because of the limited high-level commitment to institutional reform and the absence of a sustained push by the National Land Agency to increase the transparency and efficiency of land administration services.

Three lessons may be drawn from this assessment:

- In a country like Indonesia where the institutions bearing on land rights are poorly defined and not transparently administered, the priority is to champion legal and policy reform; in these circumstances, a project that pays less attention to reform than to land titling is unlikely to lead to a sustained increase in tenure security;

- The gains from a program of systematic land titling may not be sustained if the cost of registering subsequent land transactions is high (partly because there is a culture of making side payments to officials); and if the state often does not respect the private interest in land that has been formally registered; and

- The decentralization of land management presupposes that there is adequate coordination between the sub-provincial agencies responsible for surveying, mapping and zoning; and it may also entail that central government transfers funds to cover the cost of those aspects of land management that are not self-financing.

Caroline Heider
Director-General
Evaluation

1. Background

1.1 The 190 million ha that comprise the Indonesian archipelago are legally divided into two zones: 70 percent of all land is classified as *forest estate* (as defined by the 1967 Basic Forestry Law), and is administered by the Ministry of Forestry; and the remaining 30 percent corresponds to the residual category of *non-forest land*, which is, in principle, subject to the 1960 Basic Agrarian Law, and is administered by the National Land Agency (BPN).

1.2 But the framework of land management in Indonesia is more complex than the dual structure posited by these laws. First, the 133 million ha in the forest estate contain about 41 million ha with few or no trees. Second, only 14 percent of the forest estate has been legally defined (gazetted). Third, within the forest estate there are about 33,000 villages that claim ancestral rights to land — an uncodified customary jurisdiction (*adat*) that overlaps and conflicts with claims made by the state. State claims to the forest estate in the many islands of Indonesia are also contested by migrants who have left the densely-populated island of Java in search of land. Fourth, about one-quarter of land classified as “non-forest” is forested; these forests, which occupy roughly 15 million ha, are subject to unregulated felling and conversion to farming, either under the auspices of private landlords, or at the behest of provincial and district governments wishing to promote growth through such expedients as pulpwood and palm oil plantations (Bell, Srinivas and Martinez 2013).

1.3 In practice, the state controls almost all the land in the nation. This is the cumulative result of legislation dating back to the colonial period. In 1870, the Dutch Crown issued the Royal Agrarian Decree declaring that all undocumented land belonged to the state. None of the *adat* land was registered in the colonial period, thereby giving the state a formal claim to all the land on which indigenous peoples had lived for generations. Article 33 of the 1945 Constitution of Indonesia states that: “...land, water, space and the natural resources contained within are controlled by the State for the maximum benefits of the people..." The 1960 Basic Agrarian Law built on this principle of state control. In Article 5, it also recognized *adat* rights, but only so long as these rights did not conflict with the claims of the state (Bappenas 2009; Mutaqin 2012).

1.4 Summing up, since independence in 1945, Indonesia has not systematically repealed previous land laws or established a hierarchy whereby higher laws take precedence over lower ones. “The result is an unworkable fabric of thousands of laws that might relate to land and administration, some surviving from the colonial period, and many more the result of decisions made at all levels of government” (Bell, Srinivas and Martinez 2013: 4).

1.5 Only land outside the forest estate and not subject to *adat* has been covered by the land titling initiatives of the past two decades and coverage remains patchy despite two Bank-sponsored titling projects (including the one assessed in this report). “According to BPN, non-forest land is divided into about 89 million parcels, and only 30 percent of this area is formally titled” (Bell, Srinivas and Martinez 2013: 7). About 1 million non-forest land parcels are added each year, mainly as a result of the informal partition of family holdings between heirs. This annual increase in the number of parcels exceeds BPN’s capacity to title them. Also, the process of titling farmland in response to individual demand (sporadic titling) is unnecessarily cumbersome, requiring sign-off by the Ministry of Agriculture as well as

BPN, together with irregular side payments to village officials (who are responsible for certifying that the claimants are the actual owners of the land) and to BPN officials. Land registration confers only qualified tenure security in Indonesia because a registered record can be challenged by a third party without time limit: "Anecdotal evidence suggests that even people in possession of a land title for more than 10 years could still lose their land because a third party successfully proved before a court its claim based on an informal transaction" (Deininger, Selod and Burns 2012: 116).

1.6 The Bank has been the main donor for land administration in Indonesia, financing both the FY1995-2001 Land Titling Project (P003984) and the FY2004-09 Land Management and Policy Development Project that is the subject of this report. The AidData base shows the only other contributor as the Asian Development Bank which, in 2007, committed US$511,431 for a technical assistance exercise ("Enhancing the Legal and Administrative Framework for Land") that was broadly complementary to the policy reform supported by the Bank.

1.7 The project that is assessed in this report was one of an East Asia and Pacific Region series supported by the Bank, a series that has also included land titling operations in Thailand, Lao and Cambodia. When the Indonesia Land Titling Project was prepared in the early 1990s, it was assumed that Thailand—the pioneer in the series—could be used as a blueprint for the other countries. This assumption led to a focus on increasing the efficiency of the land titling process and achieving complete coverage of the cadastral survey while broader issues of reforming the regime of land rights— tackling the marginalization of indigenous peoples and communities operating with customary (sometimes non-individual) forms of tenure, the state's claims to land, and the boundaries and conservation status of forests and protected areas— were either left to studies, or simply left out.

1.8 When the Indonesia Land Titling Project closed in December 2001, the completion report concluded that "it had become clear that the reform issues were paramount and that the anticipated further Bank assistance would have to focus on that above all else. The social circumstances in Indonesia proved to be very different from those in Thailand with a more complicated mix of land tenure traditions. Land legislation is much less developed in Indonesia and the rights being registered are not clearly defined and understood nor are protected by the land administration agencies or the judiciary. The registration process itself does not guarantee ownership" (World Bank 2002: 12). However, the follow-on project, like its predecessor, focused on what was perceived to be easiest to do (titling). Once more, the thorny problems of institutional reform were relegated to a set of policy studies that were not well integrated with the rest of the project.

2. Objectives, Design, and their Relevance

Statement of Objectives

2.1 According to the Project Appraisal Document, "The proposed objectives of the project are: (i) improve land tenure security and enhance the efficiency, transparency, and improve service delivery of land titling and registration; and (ii) enhance local government capacity to undertake land management functions with great efficiency and transparency" (World Bank 2004a: 3).

2.2 The Credit Agreement contains essentially the same formulation but combines the specific objectives of the project with the overarching goals of economic growth and poverty reduction: "The objective of the Project is to assist the Borrower in reducing poverty and stimulating economic growth through: (i) improving land tenure security, and enhancing the efficiency and transparency of delivery of land titling and registration services; and (ii) strengthening local government capacity to undertake land management functions efficiently and transparently" (World Bank 2004b: 20).

2.3 These two statements are compatible but IEG makes two observations: objective (i) contains two objectives; and objective (iii) is not outcome-focused—enhancing local government capacity is an output, not an outcome. Therefore, IEG assesses the project against the following objectives:

> *(1) Improve land tenure security;*
> *(2) Enhance the efficiency, transparency and service delivery of land titling and registration;*
> *(3) Increase the efficiency and transparency of local governments' land management functions.*

Relevance of the Objectives

2.4 The objective of *increasing land tenure security* was relevant because it responded to fundamental contradictions in the laws and regulations of Indonesia. To this day, the legal and regulatory framework for land administration remains fragmented and allows for a variety of interpretations. The Basic Agrarian Law of 1960, the Basic Forestry Law of 1967, unwritten customary *(adat)* law, and the laws, regulations, and policies passed after 1967—all of these are mutually inconsistent. Also, even land that is formally registered and titled to private individuals is not guaranteed protection by the state and may be claimed back, severely reducing tenure security. Thus, a titling initiative by itself, without supporting legal reform, would have been of limited relevance. The tenure insecurity resulting from this uncertainty had hindered the development of land markets and investment. In many parts of Indonesia land could not be used as collateral to secure loans. The FY2009-12 Country Partnership Strategy (CPS) that was current when the project closed noted the lack of "transparent and efficient linkages among smallholders, small and medium enterprises and rural businesses and commercial markets" (World Bank 2008: 59). The weakness of these linkages may be attributed in part to poorly defined property rights, although this connection is not made by the CPS.

2.5 The objective of *enhancing the efficiency, transparency and service delivery of land titling and registration* was relevant because National Land Agency (BPN) offices did not provide an acceptable standard of service and land titling was not keeping pace with the creation of new land parcels. Titling covered only 30 percent of parcels. New parcels were continually being created through the subdivision of existing plots, increasing the strain on land administration services. Also, the social analysis in the appraisal document suggests that, based on the 2002 impact evaluation of the Bank-supported FY1995-2001 Land Titling Project (P003984) titling had contributed to the government's overarching goal of poverty reduction, as framed in the Credit Agreement. "The [land titling] program did not discriminate on the basis of income or social status, providing title to all in the program area who were able to prove their claims. However, the poor benefit most by being able to obtain security of tenure inexpensively and quickly, because they cannot afford the costs and time of obtaining title through the sporadic titling program" (World Bank 2004: 79). But none of this is reflected in recent Bank strategy: the FY2009-12 CPS was silent about land titling and land administration in general, and it makes no mention of BPN.

2.6 The objective of *increasing the efficiency and transparency of local governments' land management functions* was relevant because local governments lacked the trained staff, the infrastructure and the budgets to discharge the new responsibilities given to them under the 2003 presidential decree decentralizing many aspects of land management. The FY2009-12 CPS identified as one of Indonesia's longer-term objectives: "Strengthen decentralized local governments and institutions to increase the impact of public spending." The relevant constraint was the "weak capacity of local governments to manage assets and improve service delivery" (World Bank 2008: 57).

2.7 The project's relevance to the Bank's country strategy was greater at project inception than at closing. The FY2003-07 Country Assistance Strategy gave a prominent place to land administration, identifying "uncertain property rights and corrupt land management" as an obstacle and pledging that the Bank's program would reform and implement "land rights policies and legislation with emphasis on traditional tenure systems." This initiative was grouped with others whose outcome was "sustainable income-creating opportunities for poorer households" (World Bank 2003: Annex B9), a linkage to poverty reduction and economic growth that is also made in the Credit Agreement's statement of the project development objective (World Bank 2004b: 20). However, this linkage is not made in the FY2009-12 CPS: in this report the review of evidence from recent poverty assessments (Appendix 4) makes no reference to land rights or land administration.

2.8 The National Medium-Term Development Plan 2010-2014 lists 11 national priorities and provides a detailed discussion of each but there is no reference to the need to strengthen land administration (Presidency of Indonesia 2010).

2.9 On the other hand, the academic literature and the recent Bank analytic work are quite explicit about the need to improve tenure security and the land administration apparatus in Indonesia (Bell, Srinivas and Martinez 2013, Deininger 2012; Novri 2013; Obidzinski and others 2013).

2.10 The relevance of the project's objectives is rated ***substantial.***

Components

2.11 The project consisted of five components (World Bank 2004a:9, 2004b:20-24). Component 1 (*Development of Land Policy and Regulatory Framework*) strengthened government's capacity to formulate land policy, specifically supporting the development of a National Land Policy Framework and related regulations. This entailed setting up a land policy secretariat within the national planning agency (Bappenas) to undertake policy analysis and studies, coordinate public consultations, and propose policy recommendations to the Project Coordinating Committee.

2.12 Component 2 (*Institutional Development, Capacity Building, and Training*) funded development and implementation of a long-term strategic plan for the National Land Agency (BPN). This included implementing uniform service standards, formulating a human resources management strategy, introducing a training program, and developing procedures for better record management, with increased computerization. The component also funded the redesign of Land Offices. It provided support to BPN's Legal Department. The component provided the means for formal courses of study and short courses to be offered by local academic institutions. Finally, it included funding of a project management unit, responsible for implementing Components 2 to 4.

2.13 Component 3 (*Implementation of an Accelerated Land Titling Program*) supported increased community awareness of, and participation in, both systematic and sporadic titling programs. This involved workshops and media spots, and collecting community land profiles in order to identify the extent of customary land tenure and the level of land-related disputes. The component financed a campaign of systematic land titling that aimed to issue about 2.5 million certificates. It also funded the streamlining of Land Office registration processes for sporadic land registration (titling on demand), entailing studies on fee structures and the role of private surveyors, a review of service standards, and an attempt to identify factors that might deter title holders from registering subsequent transactions. The component also supported an assessment of the training and licensing procedures for private surveyors.

2.14 Component 4 (*Development of a Land Information System*) supported the development of a national strategy on data sharing and data standards. It funded establishment of a Land Information System (LIS), thereby increasing access to land information, promoting transparency and public participation in land management, and improved land administration services. This entailed developing technical standards and formulating policies on data sharing and data maintenance, fees, public access and data privacy. The intention was to pilot LIS with selected local governments, to develop land asset inventories, and to assess the capacity for storing, maintaining and sharing data.

2.15 Component 5 (*Capacity Building Support for Local Government*), which was implemented by the Ministry of Home Affairs (MOHA), supported the development of a strategic plan for strengthening the ability of local governments to manage land administration functions efficiently and transparently. It funded an assessment of local government capacity for land administration. Pilots would be conducted with about five local governments, involving participatory land-use planning, review of procedures for granting location permits, community mapping and dispute resolution. The component also funded training, and efforts to strengthen the support to local governments provided by the MOHA.

Finally, financing covered the operation of a unit in MOHA set up to manage this component.

Geographic Scope

2.16 The project covered all provinces on the island of Java as well as selected urban centers outside Java. Java was given priority because of its accessibility, the large size of its population and its considerable number of parcels — factors deemed likely to enhance the project's impact. Another consideration was the lower incidence of customary tenure on Java, which supposedly reduced the likelihood that issuing individual titles would stir up conflict. The plan was to develop a model of intervention that worked for Java and then selectively replicate it elsewhere. By project closing, eleven provinces had been included: the five provinces of Java, plus two provinces on the islands of Kalimantan and Sumatera, and one each on the islands of Nusa Tenggara and Sulawesi (see Annex B).

2.17 The geographic scope of the project was also defined by types of land excluded from titling, as explained in the appraisal document. The project's environmental guidelines specified that "the project will not provide titles in areas designated as forest areas, protected areas, the coastal zone, riverbanks, areas of cultural and religious significance, or areas for public purposes or public facilities" (World Bank 2004: 74). The project's social guidelines made the following commitment: "The project will not title land in areas with *adat* land [areas where land rights are subject to uncodified customary rules and sanctions] until a policy has been adopted and supporting legislation passed that makes clear the procedures that will be followed to define the boundaries of *adat* land and to register the land in the national cadastre" (World Bank 2004: 82).

Relevance of Design

2.18 The objective of *increasing tenure security* was underpinned by policy and regulatory reform (Component 1), improved Land Office services (Component 2), accelerated land titling (Component 3) and improved data sharing (Component 4). The National Land Policy Framework scheduled for development under Component 1 was intended to spearhead reform. Issues that would be addressed included the lack of clarity about the rights of land users operating under customary norms (*adat*) or participating in forms of communal land tenure (*hak ulayat*).[1]

2.19 In principle, land titling—sporadic or systematic—could increase tenure security. However, this presupposed that people were adequately informed about the options for increasing security through titling, and that the project gave priority to areas where tenure was least secure. Also, sporadic titling could only increase security to the extent that individuals came forward to request a title, and moreover had the means to pay for it. The fee charged for sporadic titling would influence demand and the socioeconomic profile of the

[1] "The project through Component 1 will support the development of national policy on the recognition and distribution of *adat* and ulayat land. Support may also be given to define the boundaries of *adat* and *ulayat* land and to register the land rights through such activities as community profiling and the convening of stakeholder forums. The project will not title land in areas with *adat* and *ulayat* land claims until consensus on the boundaries has been reached among the stakeholders" (World Bank 2003: 8).

users who participated. Component 3 made provision for a campaign to raise awareness of the program and to set priorities for the phasing of systematic titling—defining the order in which different zones would be covered. A critical consideration was the encouragement given to registration of subsequent transactions through a communications and outreach campaign financed by the project. Whether or not subsequent transactions were indeed registered was likely to depend on the cost of the process, including the time needed to travel to the Land Office. Because this project's titling efforts—like those of other Bank-supported projects in the East Asia Region—deliberately steered clear of areas where land rights were most contested (areas subject to customary and communal tenure, and forests), its contribution to increasing tenure security was necessarily constrained.

2.20 The objective of *enhancing the efficiency, transparency and service delivery of land titling and registration* hinged on Components 2, 3 and 4. There was a difference between service delivery associated with systematic titling (a service provided at limited cost to the persons issued titles) and delivery of titles under sporadic titling (more expensive). The efficiency of systematic titling depended on how well trained and how well funded were the survey and adjudication teams that were hired for the project on short-term contracts, the percentage of the eligible area they managed to cover, and whether or not they were slowed down by poor roads and bad weather. The efficiency of sporadic titling hinged more on extra-project considerations—the recurrent budget government provided for staffing and equipping land offices and the extent and quality of outreach to communities. Achieving greater transparency in recording registered interests in land was likely to be realized through Component 4, which funded set up of a Land Information System.

2.21 The objective of *increasing the efficiency and transparency of local governments' management of land* was underpinned by Component 5 and was in line with Presidential Decree No. 34 of 2003, which transferred nine land management functions from the National Land Agency (BPN) to the local authorities (under the Ministry of Home Affairs).[2] The provincial, district and local land offices of BPN retained responsibility for various residual functions, including land registration, titling, surveying and mapping. Piloting of the Land Information System (Component 4) would also strengthen the capacity of the district governments involved in this exercise, potentially enabling them to be more transparent in their adjudication of land claims.

2.22 While a plausible case can be made that each of these project components was appropriate for achieving the project objectives, revisiting the completion report of the preceding land titling project gives pause for thought: many of the lessons drawn from that operation were not incorporated in the design of the project that followed it. The completion report for the Land Titling Project noted that institutional reform was treated as ancillary to land titling, relegated to a series of policy studies that were not linked to reform champions. The title of the follow-on project—the Land Management and Policy Development Project—

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[2] "These nine functions are (1) issuance of location permits, (2) provision of land for the public interest, (3) settlement of disputes regarding cultivated land, (4) resolution of compensation for land allocated for development, (5) determination of subject and object of land redistribution and compensation for excess land, (6) determination and resolution of conflicts regarding *ulayat* (communal) land, (7) resolution of problems regarding neglected land, (8) provision of permits to open new land, and (9) land use planning within the jurisdiction of the local government" (World Bank 2003: 8).

suggested that policy reform would be given more prominence. But, the appraisal document showed that, once again, the policy work was treated as an add-on, with three-quarters of the project cost devoted to land titling.

2.23 When the project was appraised, the institutions of land management in Indonesia were broken. From the Bank's standpoint, it was operationally expedient to focus on what was easiest to do (titling of land where land rights were least problematic). But this approach largely neglected both the geographic and the thematic areas where tenure insecurity was most pronounced: the areas subject to customary tenure, the areas where the state was riding roughshod over community interests in the name of development, and the areas bordering intact forest and reserve land that needed protecting (Novri 2013; Obidzinski and others 2013). The completion report of the previous project took the full measure of the problem. "In the case of Indonesia, land legislation has been left incomplete for four decades since promulgation of the Basic Agrarian Law in 1961. This has led to a general decline in confidence in the agencies involved in land and is a positive disincentive to registering dealings in land" (World Bank 2002: 12). In this environment, titles could be issued but it was unlikely that land rights would be genuinely strengthened over the long term.

2.24 The following observation from the completion report of the Land Titling Project was equally applicable to the design of the follow-on operation: "The Staff Appraisal Report does not define any process for reaching a broad consensus on issues in land. The reform process is defined as one of studying a problem, presenting the results to government, and waiting for the changes in due course. Project preparation should have identified constituencies for reform and designed an appropriate forum for involving them" (World Bank 2002:12).

2.25 The relevance of design is rated ***modest***.

Safeguards Category

2.26 This was classified as a Category B project, calling for a partial environmental assessment. The project was designed to promote sound environmental management and to mitigate potentially negative effects arising directly from project activities. To promote sound environmental management, the project included support for land policies that defined the rules for delimiting boundaries between the public and private domains, and for creating capacity for land management. It was agreed at appraisal that titles would not be issued in areas designated as forest areas, protected areas, the coastal zone, and riverbanks (World Bank 2004a: 20). The relevant safeguard policies were: Environmental Assessment (OP 4.01) and Indigenous Peoples (OD 4.20).

Design of Monitoring and Evaluation

2.27 Project design included plans for monitoring by external agencies (NGOs and universities) as well as monitoring by project implementing agencies. The aim was to measure the socioeconomic impact of the project, by conducting a baseline survey in the first year of implementation and a follow-up survey in the final year. The performance indicators chosen were output-oriented. There was little provision for monitoring outcomes, such as tenure security and service quality. This omission is hard to explain given the Bank's long engagement in the sector and the time it took to prepare the project—three years elapsed between the initial concept review meeting and appraisal.

Implementation Arrangements

2.28 The project was implemented by three agencies—the National Planning Agency (Bappenas), the Ministry of Home Affairs (MOHA) and the National Land Agency (BPN). BPN was the executive agency, responsible for maintaining project accounts and preparing progress reports. BPN led on Components 2, 3 and 4, while Bappenas led on Component 1, and MOHA led on Component 5. Provision was made for a Project Coordinating Committee to help keep the three agencies in step with each other. Bappenas and BPN were expected to work closely together on land policy formulation and legal drafting. Each of the three agencies had its own Project Management Unit, with BPN taking the overall lead. Given MOHA's relative lack of experience with Bank procedures, it was expected that BPN would provide the necessary support in the early phase of implementation (World Bank 2004a:17).

3. Implementation

Dates

3.1 The project concept review meeting was held in April 2000. Appraisal took place over three years later in November 2003. The project was approved in April 2004 and the loan was made effective in August of the same year. The mid-term review occurred in May 2007. As forecast when the project was approved, closing took place on the last day of December 2009.

Expected vs. Actual Costs

3.2 At appraisal, the estimated cost of the components totaled US$85.4 million; total project costs were estimated at US$87.6 million, which included price contingencies of US$2.2 million (Table 1). At closing, the sum of the actual component costs equaled the actual total cost of the project (US$51.6 million). The project was not restructured, and there was no reallocation of spending between components.

3.3 This was a blended operation, comprising financing from an IDA credit (equivalent to US$32.8 million) and an IBRD loan of US$32.8 million. (This was one of many Indonesia variable spread IBRD loans that were converted to fixed spread loans; conversion took place in July 2009, the loan amount remained the same, and the loan was renumbered from 4731 to 7754.) At completion, US$24.5 million of the combined financing was canceled, with 96 percent of the canceled amount corresponding to loan number 7754.

Table 1. Project Costs

	US$ millions	
	EXPECTED COSTS AT APPRAISAL	ACTUAL COSTS AT CLOSING
1. Development of land policy and regulatory framework	2.9	2.5
2. Institutional development, capacity building and training	9.3	4.7
3. Implementation of an accelerated land titling program	66.6	42.6
4. Development of a Land Information System	2.9	--
5. Capacity building support for local government	5.9	1.8
Total	87.6	51.6

Source: World Bank 2004a:10, 2011:27.

Factors Affecting Implementation

3.4 National elections were held in summer 2004, leading to disruptions, particularly at Bappenas and the National Land Agency, where there were changes in the senior staff after the new administration assumed power in October of that year.

3.5 Further disruption resulted from the tsunami that struck Aceh in December 2004 followed by an earthquake off North Sumatra in March 2005. Damage to Aceh caused by the tsunami stretched the capacity of the National Land Agency which was required to work on an emergency land administration project for Aceh in addition to managing this project.

3.6 There was a significant shortfall in counterpart funding that hampered implementation. At appraisal, the Borrower was expected to cover US$22.0 million of the project cost; the actual contribution was US$9.7 million. There was a separate source of budgetary constraint common to all externally-funded operations: national laws require that donor lending be approved by Parliament, delaying the annual release of funds for projects.

3.7 The project design included an atypically large number of dated covenants, none of which were met on time, leading to implementation delays.

3.8 In the last two years of project implementation, the Asian Development Bank provided technical assistance on revising land laws; this was a parallel initiative but it complemented analytical work conducted under the project and helped harmonize the policy pursued by the National Land Agency's land acquisition committee.

Implementation of Monitoring and Evaluation

3.9 The baseline survey was not completed until May 2007, around the time of the mid-term review. It did not establish pre-project values for the performance indicators. The follow-up survey was poorly managed, failing to collect data on most of the indicators, and not allowing for a full assessment of project impact. Beneficiaries were presented with an opinion poll about the project's effects with no attempt made to measure material change over time, and without reference to a control or comparison group of non-beneficiaries. Input and output monitoring was also skimped: for example, there was no regular, reliable reporting on disbursements. Little information was collected about beneficiaries. Bank supervision missions were not provided with adequate information before each mission.

Safeguards Compliance and Financial Management

3.10 The Bank's Operations Portal says that all relevant safeguards were complied with. During the mission IEG found no evidence of safeguard violations. The partial environmental assessment was conducted as required and different observers concur that the environmental safeguards were complied with. The adjudication teams involved in systematic titling were trained under the project to recognize problems bearing on social safeguards (particularly the OP 4.10 safeguard on Indigenous Peoples). However, during implementation there was no systematic reporting on compliance with social safeguards. There is no evidence that the studies on customary land rights influenced implementation procedures for land titling (or led to policy changes).

3.11 Financial management was flagged as a substantial risk at appraisal, given the country's fiduciary environment, and it was proposed that the status be reviewed annually. These reviews did not take place and the completion report stated that financial management remained weak throughout implementation, with reports often delivered late (World Bank 2011: 12). (The Bank's Operations Portal shows that all audit reports were delivered on time and deemed acceptable.) Contracts and accounts were kept in separate files and there was no attempt to integrate this information. The broad geographic scope of the project—eleven provinces, within each of which there are several districts—contributed to the difficulty of accurate accounting because this activity was dispersed over 91 locations. There were also shortfalls in procurement performance: bidding documents were not properly prepared, and procedures were not complied with.

4. Achievement of the Objectives

Improve land tenure security

4.1 Progress toward greater land tenure security can be assessed by considering seven factors that were taken account of in the project design:

- Legal and regulatory reform intended to remove policy inconsistencies and increase protection of the vulnerable;
- Achievement of targets for systematic titling (titles *issued*);
- The frequency with which those whose parcels were surveyed under systematic titling actually ended up with title in hand (titles *distributed*);
- The extent to which systematic titling registered women as sole or joint title holders;
- The affordability of titling—the amount that landowners had to pay for the service relative to their means;

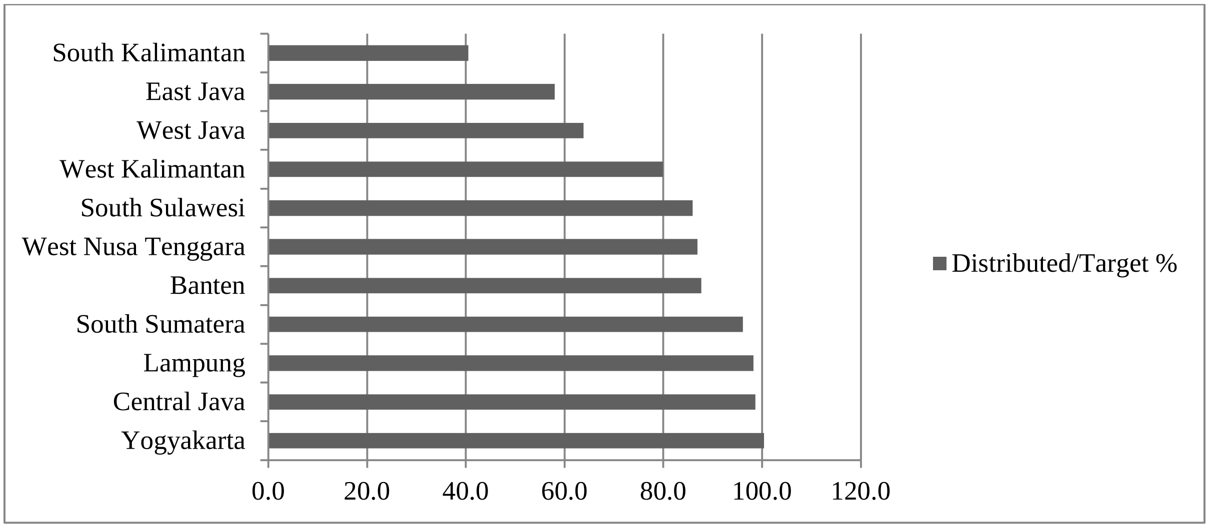
- The frequency with which transactions *subsequent* to systematic titling were registered—a measure of sustainability; and
- The extent to which land titles were used to secure loans.

4.2 *Legal and regulatory reform made little headway*. A final draft of the National Land Policy Framework was submitted to the Bank in January 2009 but this has not subsequently been adopted by government and none of the relevant regulations have been prepared. Contradictions between the Basic Agrarian Law of 1960 and the legislation bearing on forestland have not been addressed. The scheduled consultations on the revision of the Basic Agrarian Law have not been conducted. Policy studies were independently sponsored by the National Development Planning Agency (Bappenas) and the National Land Agency but there was apparently little coordination between them; and they were not used as a platform for public consultation. However, Bappenas said that the studies had some "indirect" influence on the framing of the 2012 Land Acquisition Act.

4.3 *Bank and Borrower have different estimates of progress in issuing and distributing titles and the gender balance.* At project closing, the Bank verified that 2.0 million titles had been issued (registered) and 1.7 million had been distributed to landowners (respectively, 80 percent and 71 percent of the appraisal target). The Borrower reported a higher level of achievement but, because some of these data came in late in the project cycle, the Bank was not able to verify all that was claimed—2.4 million titles issued and 2.2 million distributed (see Annex B, Table B1 of this report). The Bank reported that 23 percent of the titles were registered solely in the name of a woman; the Borrower claimed that the figure was 32 percent. (No gender target was set at appraisal). Both sources agree that 4 percent of titles were issued jointly in the name of male and female partners (World Bank 2011; Annex B, Table B2 of this report).

4.4 There was substantial variation between provinces in the achievement of titling targets. Although institutional capacity is generally higher in Java than in the outer islands, the provinces in Java did not outperform the others in meeting the appraisal target; but one province in Java—Yogyakarta—met 100 percent of the target (Figure 1). There is a distinction to be made between the number of parcels surveyed, the number of titles issued, and the number of titles distributed. The distributed number is what counts most because that indicates how many of those titled actually received the certificate. Titles distributed as a proportion of parcels surveyed is a crude measure of the efficiency of the titling program. Titling efficiency was generally low. In only three of the eleven provinces did titles distributed as a proportion of parcels surveyed exceed 80 percent; in one province (South Kalimantan) the proportion was under 60 percent (Figure 2).

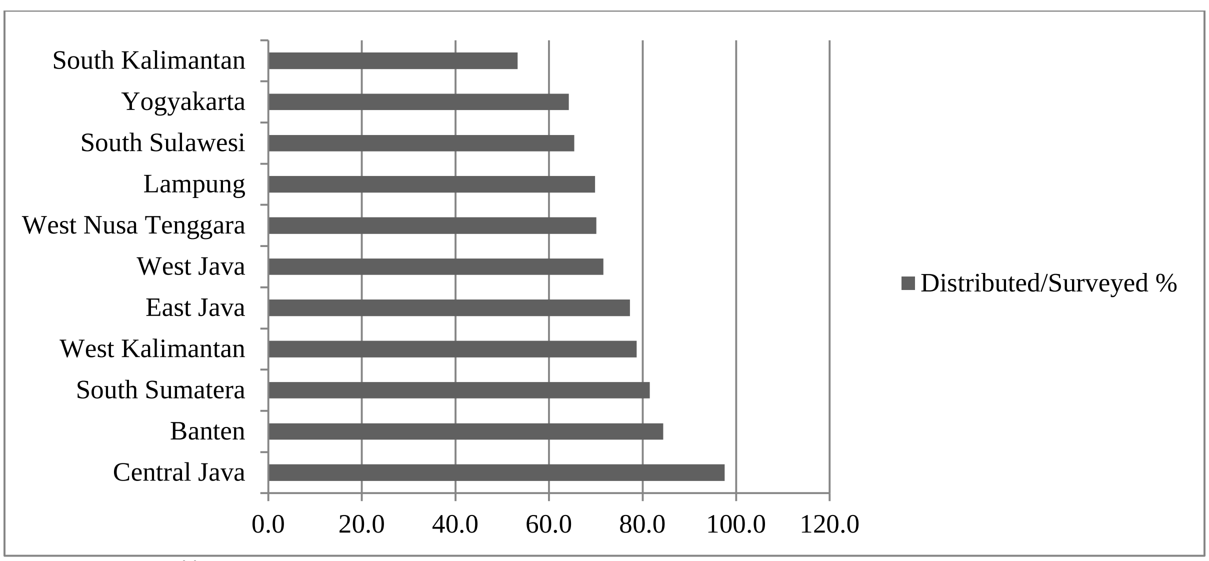
Figure 1. Number of Titles Distributed to Title Holder as Percent of Appraisal Target



Source: Annex B, Table B1.

4.5 Titling efficiency shows some inverse association with the relative poverty of the province (based on the proportion of the province population in the lowest wealth quintile): the sign on the correlation coefficient makes intuitive sense (r= -0.23) but the relationship is weak (Annex B, Table B3).

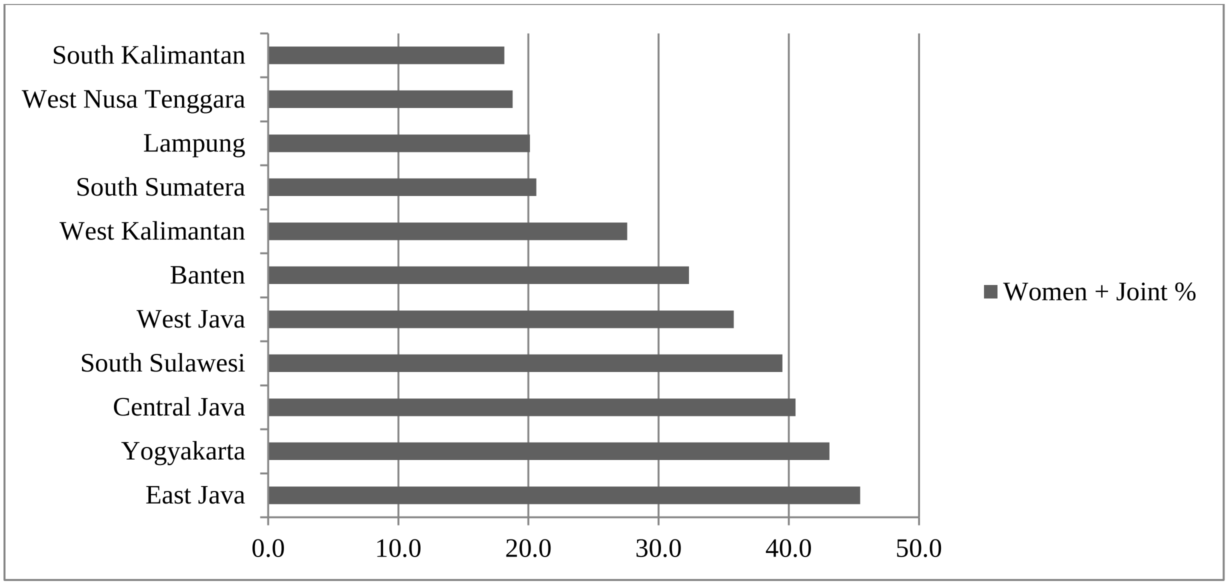
Figure 2. Number of Titles Distributed to Title Holder as Percent of Number of Parcels Surveyed



Source: Annex B, Table B1.

4.6 The gender balance of titling was also variable. The propensity for a woman to become sole or joint title holder varied from 18 percent in South Kalimantan to 45 percent in East Java (Figure 3). There was no evident connection between gender balance and whether or not the province was located in (institutionally more developed) Java. There was a positive but weak association (r= 0.27) between titling gender balance and a province-wide measure of female autonomy (Annex B, Table B4). The same sources demonstrated the intuitively plausible finding that the female propensity to be named on the titling certificate was negatively associated with the relative poverty of the province but, once again, the relationship is not strong (r= -0.57).

Figure 3. Percentage of All Titles Issued in Name either of Woman or Woman and Partner



Source: Annex B, Table B2.

4.7 *Although the design and implementation of the project involved measures to maximize the effectiveness of systematic titling, there was some shortfall in delivery.* IEG confirmed that steps were taken to engage communities before systematic titling was conducted. First, community land profiles were drawn up to define village boundaries, describe land distribution and identify any pre-existing land disputes. This information was used to plan the titling program and as a baseline for measuring project impact. Villagers were recruited to join the systematic adjudication teams and given the training they needed to disseminate information and raise public awareness about the titling initiative. The 2009 mid-term assessment reported that on various dimensions of customer satisfaction with the adjudication process 80-90 percent of respondents said they were satisfied.[3] Ninety-nine percent of respondents indicated that titling led to improved tenure security.[4] However, the Bank's mid-term review mission reported that titling was not as systematic as expected; and IEG's interviews in the field bear this out. The initial estimates for the number of parcels to adjudicate—produced by the district land offices—were not very accurate. IEG was unable to verify the size of the shortfall, but heard reports that a significant number of villages or parts of villages in the work plan for a given year were not surveyed and adjudicated.

[3] Customer satisfaction surveys are generally riddled with biases (response bias, non-response bias, researcher bias, question bias) and may hence give inaccurate estimates of satisfaction, let alone of actual improvements – in this case of tenure security.

[4] An impact assessment conducted for the previous FY95-01 Land Titling Project found that 70 percent of respondents considered their tenure security to have increased as a result of titling (World Bank 2004a: 42).

4.8 *Owing to the frequency of unauthorized side payments, landowners had to pay more than legally stipulated for titles generated through systematic adjudication; this reduced the scope for titling to increase tenure security by depressing the demand for titles, particularly by those with limited means.* In principle, adjudication was provided free under the project's systematic titling initiative. However, before adjudication could proceed, landowners were obliged to pay for boundary markers, as well as stamp duty, and the Fee for Acquisition of Rights to Land and Buildings. More importantly, village heads would demand a substantial gratuity in order to provide the boundary markers and handle the necessary pre-adjudication paperwork and processing. The socioeconomic impact study conducted near project closing said that 69 percent of respondents indicated that the adjudication cost could be "precisely calculated" (meaning presumably that interested parties knew in advance what exactly they would have to pay) (INACON 2009: Table 4.1). But the report—which was essentially an opinion poll—contained no information about actual costs, or how these varied between the six localities surveyed. An impact study for the earlier Land Administration Project (SMERU 2002) was more systematic and quantified the considerable variation in what landowners paid for adjudication, with charges set at the whim of village headmen. The Bank raised the matter of irregular side payments on several occasions with the implementing agency but to no avail; the National Land Agency had no leverage with village heads.

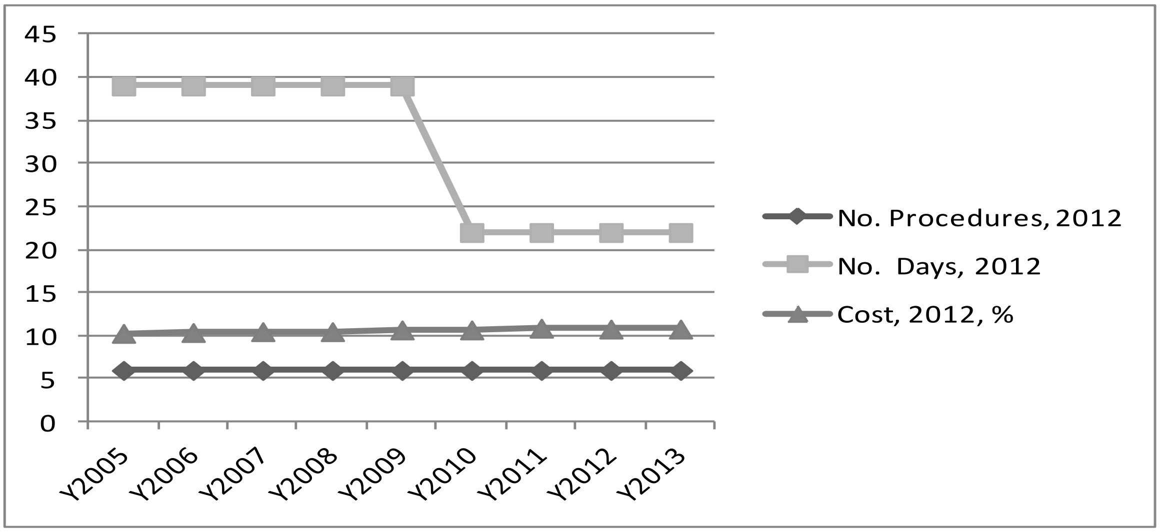
4.9 There is no indication in the impact study—or in any other source to which IEG had access—what proportion of those who had received a title *registered subsequent land transactions*. The 2009 study asked respondents if they had used their title to obtain credit and whether titling had prompted increased investment in farm inputs: 45 percent said that they had *used the title to secure loans*; and focus group discussions revealed that titles were mainly obtained for housing plots, not for farmland.

4.10 Taken together, the 2007 "baseline" survey (which was conducted around mid-term) and the 2009 "impact" study failed to provide rigorous, quantitative evidence of the contribution that titling made to increasing tenure security. Evidently a significant amount of titling took place but there is no indication how titling effects varied by location (province, urban, periurban, or rural), or by social group. There was no attempt to compare those who received title under the project with a matched group outside the project. Added to the lack of progress with legal and regulatory reform, this leads IEG to rate achievement of the project's tenure security objective as **modest**.

Enhance the efficiency and transparency of land titling and registration services

4.11 Service standards were introduced by the National Land Agency but there was no independent monitoring to verify that these were complied with. There is no evidence to suggest that services improved. Technology improvements paid for with project funds—global positioning and electronic "total stations" that increased survey accuracy, and geographic information systems—did not raise efficiency because budget constraints prevented full use of the equipment that had been installed, and payment of staff allowances was based on protocols that were designed for the previous level of technology, preventing the realization of productivity gains. This lack of progress applied as much to the sporadic as to the systematic titling process. The redesign of five model BPN offices was dropped. The Land Information System was not implemented. No progress was made in computerizing land records. The project also did not contribute to building private sector capacity. No systematic review of legislation for licensing of surveyors and assistance was undertaken, and no regulations governing industry practice were developed. Contrary to expectations, the project did not finance technical assistance and training to private sector surveyors, nor did it establish an industry association that would be responsible for representing surveyors. Coverage in the areas scheduled for systematic titling was patchy. The mid-term review mission reported that many villages or parts of villages in the work plan for a given year had not been surveyed and adjudicated, undermining BPN's credibility as a service provider.

Figure 4. Indonesia—Registering Property Indicators, 2005-2012



Source: Doing Business 2013

4.12 Trends in property registration indicators from 2005 to 2013 do not suggest that the project (implemented from August 2004 to December 2009) led to a significant change in efficiency: the fall in the time taken to register property occurred the year *after* the project closed. Compared to the averages for the East Asia and Pacific Region (EAP) and for rich (OECD) countries, Indonesia's performance on property registration is not significantly different with respect to the number of procedures, and it is comparable to the OECD and much better than EAP on the time taken to complete the procedures. But the cost of registration (as a proportion of the property price) is *more than double* that of both EAP and OECD averages (Annex B, Table B6). It is striking that, despite the sharp drop in the number of days required to register property from 2010, the cost of registration continued the 2005-2013 trend of a slight increase each year (Figure 4). For one year (2012), the Doing Business data were broken down by selected provinces. With respect to provinces covered by the project, the number of procedures and cost was essentially the same; but the time taken to complete the registration process varied from 19 to 43 days (Annex B, Table B6). This suggests that the Land Office service standards promoted under the project did not lead to harmonization from one region to the next.

4.13 The transparency part of this objective would be served by the Land Information System (LIS) that the project was intended to set up. An outline for the LIS was included in the 2007-09 Strategic Plan developed by the National Land Agency (BPN). However, neither the LIS Steering Committee nor the technical support group was instituted. None of the necessary technical standards and policies was developed during project implementation (or subsequently), even though in 2009 an international LIS expert reviewed BPN's requirements. Also, the planned pilot study, which aimed to collect land management information from a variety of agencies in a single district, was never launched. Thus, owing to lukewarm support from BPN, the project did not enable BPN to implement the LIS that is required under the 2003 Presidential Decree (34/2004, Article 1).

4.14 Achievement of this objective is rated **negligible**.

Increase the efficiency and transparency of local governments' land management functions

4.15 Several outputs were delivered in support of this objective but the outcomes appeared to IEG and to an independent consultant to be less significant and sustainable than expected. A Strategic Plan on Local Government Land Management was delivered under the project, helping to provide the Ministry of Home Affairs with the guidance that it had previously lacked. As anticipated at appraisal, five local governments participated in pilots, each addressing a different aspect of land management.[5] Several case studies were conducted to assess local government capacity. These studies evaluated operating procedures, human resources, and the incidence of corruption — enabling preparation of a diagnostic instrument that local governments throughout the nation could use to monitor their performance. The final report set out the priorities for staff training and capacity building. The analysis was enriched by experience gleaned from study tours to China, Germany, South Korea and Australia that reviewed local government land management. The project supported the training of local government staff in participatory approaches to land use planning, community mapping, granting of location permits, resolution of land disputes, and identification of land to be acquired for public purposes. In all, 1,125 local government officials from 400 districts received training under the project (no target was set for training at appraisal or later).

4.16 A consultant hired to assess the five pilots found that although they had generated useful findings that were being used by staff in the local governments directly involved, the experience had not been replicated and the learning had not been assimilated at the national level, either by the Ministry of Home Affairs or by the National Land Agency (De Wandeler 2009). This report expresses some doubt that the findings from the pilots would lead to lasting improvements in the performance of the local governments involved. It also noted that there was some disagreement (and resulting turf battles) between the National Land Agency and the Ministry of Home Affairs concerning the presidentially-mandated devolution of land management responsibilities to local governments.

4.17 IEG visited two of the pilot sites (Sleman and Maros) finding in both cases that land management was hampered by weak coordination between the local government, the Regional Development Planning Board, the local office of the National Land Agency, and

[5] The pilots were on: land consolidation in Kota Denpasar (Bali); web-based management of land information in Kabupaten Sleman (Yogyakarta); management of customary land rights in Kabupaten Tanah Datar (West Sumatera); land acquisition for development of public infrastructure in Kabupaten Maros (South Sulawesi); and procedures for issuing location permits in Banjar (South Kalimantan).

local representatives of the line ministries. Despite the avowed aim of these pilots to increase the knowledge needed for land management, local government officials interviewed by IEG had only a sketchy understanding of the extent of the forest and non-forest domain in their jurisdictions, or the area titled relative to the area eligible for titling. In Sleman, local government officials noted that they were overstretched and that the budget they received from their parent ministry (Home Affairs) had fallen from 2.9 billion Rupiah in 2009 to 2.5 billion Rupiah in 2012. As a consequence, since the project ended, aerial photography and mapping has languished and land information is out of date. The local offices of the National Land Agency and the local planning authority (Bappeda) are both involved in land use zoning decisions and yet they do not share data—each wants to have their own source of land use information.

4.18 De Wandeler's assessment of the pilot experience in Maros and Sleman was mixed. In Maros, the experiment with setting up a "one-stop shop" for land administration services had helped develop a sound model for transparent and efficient delivery of services—a verdict that was shared by the officials from various agencies that IEG interviewed. On the other hand, De Wandeler found that the development of standard operating procedures for issuing location permits and acquiring land for public purposes had not yet resulted in improved service delivery and lessons learned had not been widely shared. In the Sleman pilot, De Wandeler found that the land management information system that was developed remained incomplete, pending the receipt of data sets from other agencies, including the National Land Agency. This bears out IEG's impression about the limited coordination between agencies in these localities. Recent informal analytic work by the Bank confirms that BPN is not sufficiently decentralized to facilitate collaboration with local institutions, such that information from BPN's cadastral maps is not readily pooled with the information from land use maps and spatial planning initiatives that are controlled by district and municipal authorities. The same source notes that decentralization has been limited by the underfunding of provincial and local levels of government.

4.19 Achievement of this objective is rated **modest**.

5. Efficiency

5.1 At both appraisal and closing, the Bank based its analysis of efficiency on the titling activities alone (Component 3 in Table 1 above), which accounted for 76 percent of the expected total project cost (and 83 percent of the actual cost). It is a simple matter to estimate the cost per title, dividing the aggregate data on actual project costs by 1.7 million, the number of titles that the Bank was able to *verify* had been distributed under the project. (The Borrower claimed that 2.1 million titles were distributed). By the Bank's reckoning, the cost per title was US$25 if the numerator is limited to the component for accelerated land titling (Component 3), or US$30 if the numerator includes the total cost of the project. In terms of this naïve estimate, efficiency at project end was higher than estimated at appraisal (when cost per title was US$26-$35, depending on the numerator). Thus, unit costs by project end were significantly lower than the full cost of delivering a land title in Thailand—estimated at US$36 (World Bank 2004a: 44).

5.2 However, this unit cost analysis gives a very partial reading of the project's efficiency because it is unclear if all the costs associated with land registration were taken into account. The complexity of the latter calculus is evident from work done on the previous operation (the FY1995-2001 Land Titling Project) — work that fed into the economic analysis of the project under review here. The work in question involved a survey of 1,600 households, randomly selected from areas covered by the Land Titling Project and areas not covered by this operation (SMERU 2002). In 2002, when the SMERU survey was conducted, the official charge for a registering a parcel was Rp. 11,500 in urban and periurban areas and Rp. 2,500 in rural areas. However, based on a survey of 512 parcels, the study found that the actual cost of obtaining the land title certificate was higher and, on top of that, there were a series of separate charges which varied between urban, periurban and rural zones; these supplementary charges made up the bulk of the full cost of land registration (Table 2). The supplementary charges variously included stamp duties, costs for food and lodging of the adjudication team, costs for certifying documents on which the land claim was based, and a series of gratuities and irregular side payments to village headmen and BPN officials. More important than the absolute values in Table 2 (which seem low when converted to US dollars at the prevailing exchange rate) is the discrepancy between the official cost and the full cost, and between zones.

Table 2. Estimated Cost of Land Registration, 2002

	Costs in Indonesian Rupiah (Rp.), 2002		
Zone (No. of respondents)	***Official cost of land title certificate***	***Actual cost per certificate reported by respondents***	***Full cost of registration reported by respondents, including cost of supplementary fees and all other informal payments***
Urban (N = 85)	11,500	16,706	43,241
Periurban (N = 256)	11,500	15,316	37,792
Rural (N = 180)	2,500	8,547	26,883

Source: SMERU 2002: 19-20.

In early 2002, when the survey was conducted, the official exchange rate was roughly US$1.00= Rp. 10,000.

5.3 The 2009 "impact" evaluation—prepared for the project assessed in this report—contained no data on the cost of titling so it is impossible to update the SMERU analysis. However, various sources, including Deininger, Selod and Burns (2012) and Bank supervision reports, confirm the large degree of variation in the cost of titling, and the magnitude of side payments. Moreover, the Doing Business survey data (Annex B, Table B6) confirm that property registration in Indonesia costs more than double the average for the East Asia and Pacific region: the sum of the formal charges (as set out in Annex B, Table 5) has exceeded 10 percent of the property value since 2005 onwards (Figure 4 above)—and this does not take into account informal payments. In other words, during the project's span, costs did not come down.

5.4 None of this evidence is definitive with respect to determining the economic rate of return to land registration in the project under review; but it is the only evidence that IEG was able to find. In short, the veracity of the economic rate of return estimated at appraisal

(33 percent) is impossible to assess; in view of the data limitations, the completion report did not attempt to re-estimate the economic rate of return.

5.5 Other data suggest efficiency limitations. First, around 20 percent of the titles registered were not handed over to the landowners (see Figure 2 above). Second, coverage of the areas eligible for titling appears to have been patchy (paragraph 4.7). Third, there are no data to show how many subsequent transactions on the systematically titled parcels were registered—no evidence, therefore, of whether the investment in titling had led to a long-term formalization of transactions. Indeed, it has been suggested that the cost of *sporadic* titling in Indonesia—which the completion report estimates at US$145 per parcel—drives a large-number of efficiency-enhancing land transactions into informality, reducing benefits to landowners, undermining the scope of financial deepening and squeezing fiscal revenues (Deininger, Selod and Burns 2012: 120). IEG interviewed several landowners, confirming the high cost of sporadic titling (Box 1).

5.6 Efficiency is rated **modest**.

Box 1. The Cost of Sporadic Titling in Blitar District, East Java in 2012

To obtain a title for a rural parcel of 0.13 ha the landowner paid the following:

Measurement	Rp. 360,000
Registration	Rp. 50,000
Adjudication Team	Rp. 375,000
Total	**Rp. 785,000 (= US$83.63)**

In Blitar, in 2012, the *monthly minimum wage* (urban and rural areas) was Rp. 900,000.

Source:

6. Ratings

Outcome

6.1 The outcome of the project is rated unsatisfactory. The academic literature leaves little doubt that the objectives of the project—particularly the objective of increasing tenure security—were substantially relevant, although the Bank's country strategy had by project closing pulled back from its earlier commitment to strengthen land administration. But design relevance was modest: the components and activities sponsored by the project largely neglected the geographic and thematic areas where tenure security was most pronounced. Actual achievement of the three objectives that IEG imputes to the project was limited. Progress toward the objective of *increasing land tenure security* was stymied by the absence of legal reforms and the patchiness of systematic titling. The lack of improvement in the time taken to register land and the uncertainty about the costs of registration (including the persistence of irregular side payments to officials) suggest that the objective of *increasing the* *efficiency and transparency of land registration* was not achieved. Finally, despite the project's financing of capacity building, progress toward the objective of *making local government land management more efficient and transparent* was hampered by weak inter-agency coordination, both within provinces, and between provinces and central government. Efficiency was modest given the high and divergent costs of land titling, which accounted for 83 percent of actual project cost.

Risk to Development Outcome

6.2 The project's main result was to deliver land titles to 1.7 million landowners under the systematic titling campaign. Surveys sponsored by the project found that title beneficiaries value their titles, perceiving that they increase their security of tenure (even if they rarely use them to secure loans). Thus, in principle, the project could have helped develop a culture of land registration, increasing the prospect that the results of systematic titling will be sustained. On the other hand, while systematic titling was not free of charge to the landowner, it was low-cost relative to the alternative option: on-demand (sporadic) titling. The high cost of sporadic titling—which may equal or exceed the monthly minimum wage—may deter landowners who received a title under the systematic titling drive from registering subsequent land transactions, particularly if they do not know in advance the number and level of side payments they will be expected to make. Moreover, owing to population pressure, parcels are subdividing faster than the National Land Agency can (sporadically) title them. The net result of both these trends is that the land registration database will quickly cease to be up-to-date, reducing transparency about land rights and hampering planning. Government commitment to systematic land titling appears to have waned. Towards project closing, the National Land Agency advised the Bank that it was no longer interested in pursuing further initiatives of this type, even though around 70 percent of parcels in the country remain untitled.

6.3 The project's contribution to increasing the efficiency and transparency of local government's land management functions was mixed. On the one hand, the staff that received training under the project will still be able to deploy these well after closing. However, the limited coordination between sub-provincial government agencies responsible for land management, together with the insufficient budgetary transfers from central to local government, increases the risk that the capacity built by the project will be not be fully utilized.

6.4 In other respects, the project's expected outcomes failed to materialize and therefore the risk to sustaining these non-existent outcomes is moot. This is particularly the case for legislative reform: there is no evidence that policy studies sponsored by the project led to changes in laws and regulations consistent with improved tenure security—although some of this work may have fed into preparation of the land acquisition act that was passed in 2012.[6] Also, the efficiency and transparency of land administration services did not improve. It is unclear whether beneficiaries who received title under the project can truly be said to be tenure secure as long as land markets, regulations, and services are not efficient, reliable, and

[6] Attribution to the project is uncertain: technical assistance from the Asian Development Bank ("Enhancing the Legal and Administrative Framework for Land")—which overlapped with the closing phase of the project—also contributed to preparation of the land acquisition law.

trustworthy. Today, both the institutional capacity and the political commitment to carry forward needed reforms appear wanting. The government's 2010-14 National Medium-Term Development Plan did not give priority to land administration; nor did the Bank's FY2010-12 Country Partnership Strategy.

6.5 The risk to development outcome is rated **significant**.

Bank Performance

QUALITY AT ENTRY

6.6 The project concept addressed important weaknesses in the institutional framework of land management in Indonesia. Documents in the project file at appraisal show there was an ample body of analytic work (much of it generated by the previous Land Titling Project) on which the operation could build (World Bank 2004a: 67). Studies included an impact evaluation of systematic land titling (SMERU 2002). However, many of the implementation shortfalls experienced under the earlier project manifested themselves again when this new project was launched. This was partly because the particular limitations associated with the three implementing agencies were not sufficiently taken into account in project design.

6.7 The designers of the project were too optimistic about the readiness of the National Land Agency (BPN) to implement the project or the commitment of BPN's top management to promoting policy and institutional reform—neither of these matters was singled out as a risk in the appraisal document. Also, the risk of weak inter-agency coordination was assessed as modest when experience from the preceding Land Titling Project suggested that a rating of substantial or high would have been more appropriate. However, the project design did provide for the three implementing agencies to sign up to a corruption mitigation protocol, which specified rules of disclosure, standardization of procedures and allowance for civil society oversight. Despite this provision, the risk assessment acknowledged the possibility that BPN would not enforce adherence to transparent processes of land administration—but no suggestions were given about how this might be mitigated (other than by scaling back the project).

6.8 The pledge to develop and establish a monitoring and evaluation system by June 2004 (two months after Board approval), and to start the baseline survey by March 2005, was not fulfilled, even though three years were allowed for project preparation. When the project was designed, it was not specified what indicators would be used to assess whether safeguards were being complied with, and what level of reporting was needed.

6.9 Quality at entry is rated **moderately unsatisfactory**.

QUALITY OF SUPERVISION

6.10 An adequate skill mix was applied to supervision, there was continuity of staffing and the supervision budget (slightly above the Region average) was appropriate, given the implementation difficulties. Supervision reporting was candid. For part of the implementation period, the task team leader moved to the country office, where he was supported by an experienced in-country team. Supervision of this project needed to be juggled with attention to a post-tsunami emergency operation on Aceh, a challenge that the supervision team met effectively. There were regular visits to project sites and the delivery of outputs was closely monitored. Safeguards were satisfactorily complied with. The project supervision team arguably did the best that it could to encourage BPN to take a firmer line against the widespread culture of side payments for land administration services; it was not responsible for BPN's lack of responsiveness to this matter. The Bank also kept close track of financial management procedures, procurement and compliance with the anti-corruption framework that was set up during the design phase. However, less attention was given to assessing progress toward the project's intended outcomes—particularly tenure security; the mid-term review was silent on this matter. The design of the impact evaluation was not quantitatively rigorous, with no robust attempt to measure material change over time (the approach was limited to an opinion poll of beneficiaries), and with no use of a control or comparison group of non-beneficiaries.

6.11 Quality of supervision is rated **moderately satisfactory**.

6.12 Overall, Bank performance is rated **moderately unsatisfactory** for the following reason: according to the harmonized OPCS/IEG guidelines, when one sub-rating is in the satisfactory range and the other is in the unsatisfactory range, the overall rating is determined by whether the rating of project outcome is in the satisfactory or unsatisfactory range.

Borrower Performance

GOVERNMENT PERFORMANCE

6.13 There is some indication that, from the outset, there was a lack of commitment to the project from the highest levels of government. When the project became effective, few prior actions had been carried out by government; instead the Bank hoped that a long list of dated covenants attached to the legal agreement would ensure that the government would take the necessary steps to facilitate implementation. This legal expedient proved to be ineffective; there was no substitute for a strong political will to reform land management institutions.

6.14 The project got off to a slow start. By the third year of implementation (FY2006), cumulative actual disbursements were only 38 percent of the expected level (Annex A). Implementation was hampered by counterpart funding delays. Delays were exacerbated by the complicated nature of the budget release process (which entails parliamentary approval) and the difficulty of transferring unspent funds from one year to the next. The change of government in October 2004 involved some loss of impetus for the project, partly because it brought in a new head of the National Land Agency, the lead implementing agency. Also, the natural disasters that struck Indonesia in 2004-05 diverted attention and resources from the project. The government did not set up the Project Steering Committee that was mandated by the legal agreement, suggesting that there was little support at the highest levels of the government for achieving project objectives, particularly policy reform. The lack of a high-level committee to guide policy change removed a possible avenue of recourse for addressing the inertia shown by the National Land Agency, which had primary responsibility for project implementation.

6.15 After the project was prepared, the government gave lower priority to land management problems. The National Medium-Term Development Plan 2010-2014 lists

11 national priorities and provides a detailed discussion of each but there is no reference to the need to strengthen land administration (Presidency of Indonesia 2010).

6.16 Government performance is rated **unsatisfactory**.

IMPLEMENTING AGENCY PERFORMANCE

6.17 The project had an overall Central Project Management Unit established within the National Land Agency (BPN), as well as separate project implementation units in each of the three implementing agencies—BPN, Ministry of Home Affairs (MoHA) and the National Development Planning Agency (Bappenas).

6.18 BPN, which had overall responsibility for project implementation, successfully developed and disseminated a set of service standards but no provision was made to independently monitor compliance with these standards—meaning that there was no way to ensure that efficiency and transparency increased in line with the project's objective. Bappenas supervised the preparation of several studies on land policy; but for the most part these did not make precise, closely-argued recommendations and there was little follow up. MoHA backed the part of the project devoted to shoring up local government but did not provide detailed supervision. In the course of implementation, there was little consultation between the three agencies, partly because the Project Steering Committee was never set up.

6.19 BPN—the agency that accounted for 90 percent of project costs—did not assign dedicated staff to the project, expecting the workforce to add project implementation to their regular workload (a source of discontent). Also, despite encouragement from the Bank (backed by legal covenants), BPN chose not to use independent consultants to strengthen its operating capacity, or to monitor its performance. BPN devoted its efforts to systematic land titling but neglected other areas of the project. Even with respect to land titling there were delays and weak coordination between BPN headquarters and its offices in the provinces. Monitoring and evaluation were neglected. The other two implementing agencies—MoHA and Bappenas—performed better, partly because they were willing to make appropriate use of technical assistance and to allocate an adequate budget to the project. None of the three agencies were strongly committed to monitoring and evaluation.

6.20 Land Offices have continued to ask for supplementary, unauthorized "thank you" payments as a condition for issuing titles; this has deterred some landowners from collecting their titles from the Land Office once registered (although this problem arose more for sporadic than for systematic titling). Procurement was not closely managed. Clients received only limited information about the land registration process.

6.21 Of the 12 Implementation Supervision Reports that the Bank filed, the last four rated implementation progress no higher than moderately unsatisfactory. Audit reports were delivered on time and all were deemed acceptable. Compliance with the project's legal provisions was mixed. There were 24 legal covenants attached to the project; 12 were complied with on time, 7 were complied with late, 2 were partially complied with and 2 were not complied with. BPN did not hire an independent monitor to assess observance of service standards at Land Offices. Also, although it submitted a land information strategy to the Bank for review, BPN did not follow up by implementing the strategy.

6.22 Implementing agency performance is rated **unsatisfactory**.

6.23 Overall, Borrower performance is rated **unsatisfactory**.

Monitoring and Evaluation

6.24 *Design* provided for a baseline survey to be conducted in the first year of implementation and a follow-up survey in the final year. Performance indicators were mainly output-oriented, with little attention to measuring outcomes. *Implementation* lagged. The baseline survey was not completed until May 2007, around the time of the mid-term review. It did not establish pre-project values for the performance indicators. The follow-up survey was poorly managed, failing to collect data on most of the indicators, and not allowing for a full assessment of project impact. Input and output monitoring was also skimped. With respect to *utilization*, the thinness of the M&E results gave little scope for using data to fine-tune the management decisions made by the three implementing agencies; and M&E left no legacy that subsequent programs could build on.

6.25 Monitoring and evaluation is rated **negligible**.

7. Lessons

In a country like Indonesia where the institutions bearing on land rights are poorly defined and not transparently administered, the priority needs to be championing legal and policy reform; in these circumstances, a project that pays less attention to reform than to land titling is unlikely to lead to a sustained increase in tenure security. This project approached institutional reform incidentally and made no headway because there was little support for it: there was little or no high-level commitment by government and the three implementing agencies showed little or no inclination to work together on policy reform.

7.1 *The gains from a program of systematic land titling may not be sustained if the cost of registering subsequent land transactions is high (partly because there is a culture of making side payments to officials); and if the state often does not respect the private interest in land that has been formally registered.* Worldwide experience shows that the (sporadic) registration of subsequent land transactions—for which there is an urgent need as parcels are divided among heirs, or as they change owners—will always be more expensive for the landowner compared to the cost of receiving title under a systematic program (partly as a result of economies of scale). The cost gap is particularly high in Indonesia and the project did not reduce it. At around 10 percent of the property value, the cost of sporadic registration is more than double the regional average, making it likely that subsequent transactions will not be registered. Registered land rights are not strongly guaranteed: even people in possession of a land title for many years can still lose their land if the court rules in favor of a third party that successfully challenges the original claim to the land.

7.2 *The decentralization of land management presupposes that there is adequate coordination between the sub-provincial agencies responsible for surveying, mapping and* *zoning; because not all aspects of land management can be self-financing, land management may be compromised if transfers from central government are erratic and insufficient.* Despite the project's investment in local government capacity building, the National Land Agency was not sufficiently decentralized to facilitate collaboration with local institutions, and survey and mapping initiatives by these agencies were not harmonized, reducing the efficiency of spatial planning. This problem is aggravated by the underfunding of provincial and local levels of government.

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Annex A. Basic Data Sheet

LAND MANAGEMENT AND POLICY DEVELOPMENT PROJECT
(LOAN NO. 4731 [RENUMBERED 7554]; CREDIT NO. 3884; P064728)

Key Project Data (amounts in US$ million)

	Appraisal estimate	Actual or current estimate	Actual as % of appraisal estimate
Total project costs	87.6	51.6	59%
Loan amount	65.6	42.0	64%
Cancellation	--	24.5	--

Cumulative Estimated and Actual Disbursements

	FY04	***FY05***	***FY06***	***FY07***	***FY08***	***FY09***	***FY10***	***FY11***
Appraisal estimate (US$M)	2.0	7.0	19.0	34.6	51.6	61.6	65.6	65.6
Actual (US$M)	0.0	5.5	7.3	21.1	30.1	38.4	45.9	-3.9
Actual as % of appraisal	0%	79%	38%	61%	58%	62%	70%	-6%
Date of final disbursement: March 31, 2011								

Project Dates

	Original	Actual
Concept Review		04/12/2000
Appraisal		11/04/2003
Board approval		04/29/2004
Signing		06/02/2004
Effectiveness	08/31/2004	08/31/2004
Mid-term Review	03/31/2007	05/25/2007
Closing date	12/31/2009	12/31/2009

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank budget only)	
	No. of Staff Weeks	US$ Thousands (including travel and consultant costs)
Lending		
FY99	3.00	11.91
FY00	35.66	140.94
FY01	23.03	87.79
FY02	22.33	76.33
FY03	32.30	107.02
FY04	48.88	177.66
FY05	0.10	0.48
Total:		602.13
Supervision/ICR		
FY05	14.53	64.75
FY06	17.72	52.94
FY07	23.35	65.17
FY08	14.84	58.36
FY09	8.52	66.70
FY10	5.85	60.23
Total:		**368.15**

Task Team Members

Name	Title	Unit	Specialty
Lending/Credit Loan Preparation			
William Cuddihy	Task Team Leader	EASRD	Task Management
Wael Zakout	Lead Environmental Engineer	ECSSD	Task Management
Wendy Schreiber Ayres	Environment Consultant	FAO	Environment
Keith Clifford Bell	Land Administration Consultant	FAO	Land Administration
Cecilia Belita	Program Assistant	EASRD	Administration
John Bruce	Land Tenure Lawyer	EASRD	Land Law
Hilarion Bruneau	Disbursement Specialist	LOAG3	Disbursement
Jasmin Chakery	Economist/Consultant	EACIF	Economist
Malcolm Childless	Land Policy Consultant	FAO	Land Policy
Steve Dice	Sr. Urban Specialist	EASER	Urban Specialist
Surajit Goswami	Governance Consultant	EASRD	Governance
Chris Grant	Surveying and Mapping Consultant	EASTS	Surveying and Mapping
Eunice Lau	Community Relations Consultant	EASRD	Community Relations
Guo Li	Economist	EASRD	Project Costing, Economic and Financial Analysis
Mark Marquardt	Land Policy Consultant	FAO	Land Policy
Stephen Mink	Lead Rural Dev. Specialist	EASIN	Rural Development
Sulistiowati Nainggolan	Social Development Specialist	EASSD	Social Development
Kevin Nettle	Land Registration Consultant	EASTS	Land Registration
Yogana Prasta	Disbursement Specialist	EACIF	Disbursement
Neil Pullar	Land Information System Consultant	FAO	Land Information
Naseer Rana	Procurement Specialist	EACIF	Procurement
Rahul Raturi	Sector Manager Rural Development	EASRD	Rural Development
Isono Sadoko	Safeguards Consultant	EASTS	Social and Environmental Safeguards, Civil Society Engagement
Rajiv Sondhi	Financial Management Specialist	EAPCO	Financial Management
Soemardjo Sumaryo	Procurement Specialist	EASRD	Procurement
Lisa Ting	Legal Consultant	EASER	Land Dispute Resolution

Name	Title	Unit	Specialty
Anthony Toft	Chief Counsel	LEGEA	Legal
Supervision/ICR			
Keith Clifford Bell	Senior Land Policy Specialist	EASER	Task Management (from Feb 2005 to closing)
Wael Zakout	Lead Environmental Engineer	ECSSD	Task Management (2004-2005)
Stephen Barr	Surveying Consultant		Cadastral Surveying
Peter Brandriss	Portfolio Analyst	EASSD	Analyst
Gillian Brown	Regional Gender Coordinator and Senior Social Development Specialist	EASER	Gender and Social Development
John Bruce	Sr. Legal Council	LEG	Land Law
Robert Deutsch	Social Development Consultant	FAO	Project Monitoring
R. Cynthia Dharmajaya	Program Assistant	EASER	Administration
Melinda Good	Senior Counsel	LEGES	Legal
Chris Grant	Surveying and Mapping Consultant	EASTS	Surveying and Mapping
Lilik Hidayat	Project Management Consultant	EASIS	Project Monitoring
Guo Li	Senior Agricultural Economist	AFTAR	Land Policy
Srinivas Shivakumar Mahalingam	Monitoring & Evaluation Consultant	EASIS	Project Monitoring
Mark Marquardt	Land Policy Consultant	FAO	Land Policy
David Mitchell	Land Administration Education Consultant	FAO	Land Administration Education, LIS
Paul Munro-Faure	Chief, Land Tenure Service	FAO	Land Administration
Sulistiowati Nainggolan	Senior Social Development Specialist	EASIS	Social Development
Kevin Nettle	Land Registration Consultant	EASIS	Land Registration
Imad Saleh	Senior Procurement Specialist	EASIS	Procurement
Isono Sadoko	Safeguards Consultant	EASTS	Social and Environmental Safeguards
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Sumaryo Soemardjo	Procurement Consultant	EASIS	Procurement
Rajiv Sondhi	Senior Finance Officer	EASRD	Financial Management
Unggul Suprayitno	Financial Management Specialist	EAPFM	Financial Management
Dewi Sutisna	Program Assistant	EACIF	Administration
Rizal H. Rivai	Senior Procurement Specialist	EAPPR	Procurement
Koen van de Wandeler	Land Management Consultant	FAO	Local Government Land Management
Mathew Warnest	Land Information System Consultant	FAO	LIS
Retno Anna Widiana	Team Assistant	EASIS	Administration

Other Project Data

Borrower/Executing Agency:
Republic of Indonesia/*Bad an Pertanahan Nasional* (National Land Agency)

Annex B. Other Data

Table B1: Titling under the Project, 2005-09: Target, Number of Parcels Surveyed, Number of Titles Issued and Number of Titles Distributed to Title Holders.

	Target	Surveyed	Issued	Distributed
Banten	226,000	234,814	210,650	198,220
West Java	627,000	558,945	537,067	400,323
Central Java	509,000	514,680	502,061	502,061
Yogyakarta	315,000	492,319	316,229	316,229
East Java	535,000	401,644	310,964	310,448
West Nusa Tenggara	103,000	127,639	99,411	89,503
South Sumatera	78,500	92,598	75,473	75,473
Lampung	123,000	173,098	120,858	120,868
West Kalimantan	95,500	96,869	76,297	76,297
South Kalimantan	85,500	64,986	40,427	34,647
South Sulawesi	119,500	157,011	109,339	102,679
Total	**2,817,000**	**2,914,603**	**2,398,776**	**2,226,748**

Source: Government of Republic of Indonesia 2010.

Table B2: Number of Titles Issued and Number Held by Women or Man and Woman

	(1) All	(2) Women	(3) Joint	(4) =(2)+(3)	(4)/(1) %
Banten	210650	67020	1067	68087	32.32234
West Java	537067	131413	60788	192201	35.78716
Central Java	502061	179121	24275	203396	40.51221
Yogyakarta	316229	132752	3598	136350	43.11749
East Java	310964	131596	9819	141415	45.47633
West Nusa Tenggara	99411	15077	3599	18676	18.78665
South Sumatera	75473	15033	527	15560	20.61664
Lampung	120858	24182	141	24323	20.12527
West Kalimantan	76297	20780	267	21047	27.58562
South Kalimantan	40427	7251	89	7340	18.15618
South Sulawesi	109339	42747	456	43203	39.51289
Total	**2398776**	**766972**	**104626**	**871598**	**36.33511**

Source: Government of Republic of Indonesia 2010.

Table B3: Correlation between Titling Efficiency and Poverty

	A (Titling Efficiency)	B (Poverty)
	Parcels Surveyed/Titles Distributed %	% of Pop in Lowest Wealth Quintile
Banten	84.4	13.5
West Java	71.6	9.7
Central Java	97.5	15
Yogyakarta	64.2	5.4
East Java	77.3	13.3
West Nusa Tenggara	70.1	28.4
South Sumatera	81.5	32.2
Lampung	69.8	21.1
West Kalimantan	78.8	42.6
South Kalimantan	53.3	35.5
South Sulawesi	65.4	37.3
Correlation	A:B	
	-0.23	

Sources: (A) Annex B, Table B1; (B): Indonesia Demographic and Health Survey 2007.

Table B4: Gender Balance in Titles Issued, Female Autonomy and Income Distribution

Province	(A) Gender Balance Percentage of titles issued in name of woman or woman and partner, 2005-2009	(B) Female Autonomy "Percentage of ever-married women who say that they alone or jointly have the final say in…all decisions", 2007	(C) Income Distribution Percentage of population in lowest wealth quintile, 2007
East Java	45.5	55.7	13.3
Yogyakarta	43.1	62.4	5.4
Central Java	40.5	72.3	15.0
South Sulawesi	39.5	86.9	37.3
West Java	35.8	62.9	9.7
Banten	32.3	66.3	13.5
West Kalimantan	27.6	74.9	42.6
South Sumatera	20.6	55.9	32.2
Lampung	20.1	60.6	21.1
West Nusa Tenggara	18.8	63.8	28.4
South Kalimantan	18.2	60.3	35.5

Sources: (A) Annex B, Table B2; (B) & (C): Indonesia Demographic and Health Survey 2007.

Correlation coefficients: A:B = 0.27; A:C = -0.57; B:C = 0.39

Table B5: Indonesia—Steps to Register Property, 2013

Step	Procedure	Time to Complete	Associated Costs
1	Land certificate examination at the Land Office	1 day	Rp. 50,000
2	Seller pays transfer tax at a bank	1 day (simultaneous with Steps 3 and 4)	5% of property price (Transfer Tax)
3	Buyer pays Tax on Acquisition of Land and Building	1 day (simultaneous with Steps 2 and 4)	5% of (property price minus Rp. 80 million which is tax-free) (Tax on Acquisition of Land and Building)
4	Execution of sale and purchase of Land Deed by a PPAT official	3 days (simultaneous with Steps 2 and 3)	1% of the property value
5	Registration of Land Deed at the local Land Office under the name of the buyer	10-15 days	1/1,000 of the property value + Rp. 50,000 (administrative fee) + Stamp duty of Rp. 6,000 per document (2 required)
6	Registration of Land Deed at the Tax on Land and Building Office (PBB) under the name of the buyer	1 day	No cost

Source: Doing Business 2013
US$1.00 = Rp. 9,735 (May 13, 2013).

Table B6: Indonesia—Property Registration Indicators by Province, 2012

	No. Procedures	No. Days	Cost (%)
West Java	6	19	10.9
Central Java	7	43	10.9
Yogyakarta	6	36	10.9
East Java	6	39	10.8
West Nusa Tenggara	6	25	10.9
South Sumatera	6	21	10.9
West Kalimantan	6	38	10.9
South Sulawesi	6	38	10.9
Indonesia	6	22	10.8
EAST ASIA & PACIFIC	5	80	4.1
OECD	5	26	4.5

Source: Doing Business

Annex C. List of Persons Met

Name	Affiliation
Mr. Andi Dainury	Regional Planning Agency, South Sulawesi
Mr. Amperawan	Local Government Unit, Yogyakarta
Mr. Arif Setyo Laksito	District Planning Agency, Yogyakarta
Mr. Awaludin	Sub-District Head, South Sulawesi
Mr. Bambang Hendrawan	National Land Agency, Jakarta
Mr. Bambang Nurcahyo	National Land Agency, East Java
Mr. Bambang Supriyadi	National Land Agency, East Java
Mr. Bapak La Halim	Tax Office, South Sulawesi
Mr. Basuki Wibowo	District Planning Agency, East Java
Mr. Budiyono	National Land Agency, East Java
Mr. Deddy Koespramoedyo	National Development Planning Agency, Jakarta
Mr. Doni Erwan	National Land Agency, Jakarta
Mr. Eka Mulyono	Village Head, East Java
Mr. Fajar	National Land Agency, Jakarta
Ms. Fitri	National Land Agency, East Java
Mr. H. Suhaily Syam	National Land Agency, East Java
Mr. Handoko	Village Head, East Java
Mr. Herman	National Land Agency, East Java
Mr. Hermanto	National Land Agency, South Sulawesi
Mr. Heru Susanto	National Land Agency, Jakarta
Ms. Ida Haniata	National Land Agency, East Java
Ms. Idawati	National Land Agency, South Sulawesi
Mr. Indriaswati Dyah Saptaningrum	ELSAM Human Rights (Advocacy NGO), Jakarta
Mr. Idris Sultan	Village Head, South Sulawesi
Mr. Joko Srianto	National Land Agency, East Java
Mr. Kamaru Ddin	National Land Agency, South Sulawesi
Mr. Lukman	National Land Agency, East Java
Ms. Lilla Erayunia	District Planning Agency, East Java
Mr. Lutfi Zakaria	National Land Agency, Yogyakarta
Mr. Mansur	Village Head, South Sulawesi
Ms. Mardiana Said	National Land Agency, South Sulawesi
Mr. Mianto	National Land Agency, Yogyakarta
Ms. Murtini Mualim	National Land Agency, South Sulawesi
Ms. Nahrid Tahir	National Land Agency, South Sulawesi
Mr. Nahuri	Village Head, East Java
Ms. Rinella	National Development Planning Agency, Jakarta
Mr. Subagio	National Land Agency, Yogyakarta
Mr. Suhendru Winarso	Local Government Unit, East Java
Mr. Sumaji	Village Head, East Java
Mr. Supardi	National Land Agency, Yogyakarta
Mr. Supariyo	Village Head, East Java
Mr. Suradi	National Land Agency, East Java
Mr. Tantowi	Local Government Unit, East Java
Mr. Takbir	Islamic Education Institute, South Sulawesi
Mr. Taslim	Village Head, East Java
Mr. Tim Brown	World Bank, Jakarta
Mr. Tommy	District Planning Agency, East Java
Mr. Triono	National Land Agency, Yogyakarta
Mr. Wida	National Land Agency, East Java