

Responses to the Comments received from the FIP SC on the Dedicated Grant Mechanism financed project in Indonesia

(Comments were received on or before to 12/22 following the CIF Secretariat request for approval)

Key points raised by FIP SC	Task Team's response
<p>1. The selection of Samdhana Initiative as the National Executing Agency is a good choice as they have experience of small grant management, however, as the risk analysis states, there are some concerns about the scale of the work proposed under the DGM and Samdhana's capacity to manage the oversight and support of numerous local CSOs and CBOs across so many regions. In addition to the mitigation measures identified in the PAD, we would like to suggest that they meet and learn from the experiences that the UK has had with managing small grants initiatives in the Indonesia forest sector through the Multi-stakeholder Forestry Programme, and The Asia Foundation. We have found that it takes a lot of time and effort to get community-based organisations up to the standards of basic financial management. This is a general point and relevant of course to the DGM in all countries.</p>	<p>Thank you. We will inform Samdhana about the opportunity to learn from the work lead by the UK MFP program and directly from Asia Foundation. The challenge of getting CSOs/CBOs to a level of basic financial management is an important one to tackle well.</p>
<p>2. We note the reference to encouraging the National Steering Committee to have stronger links to government (DG Social Forestry for instance?), perhaps including more government entities on the NSC. As an entirely artificial structure without institutional roots it may struggle to make headway as envisaged under component 2, and we would like to understand whether there has been consideration of replicating a model more along the lines of that followed in Brazil for example where government has a more significant role than in some</p>	<p>The composition of the Brazil NSC does offer an interesting model. Two DGMI NSC members participated in a south-south exchange with the Brazil DGM and Peru DGM and learned about the value of including government more formally in the NSC (we also produced a video in Bahasa for the NSC members to share with the broader NSC and NEA that could not participate in the exchange). Following the south-south exchange when the idea was proposed to the whole NSC, the members, however, did not reach consensus on the</p>

Key points raised by FIP SC	Task Team's response
<p>of the other DGM countries. Perhaps the NSC could have a closer association with the national forest council (DKN) or something more permanent. This issue was clearly identified in para 45 b) under “lessons learned and reflected in project design” from other DGM experience in Peru and Brazil, but this has not been reflected in the Indonesia DGM design. We understand that this is a decision for the NSC but would encourage further reflection and/or review. Additionally, given the strong focus on tenure, and as the PAD states clearly land tenure in Indonesia is complex and straddles multiple agencies, it may facilitate work under component 1 if the relevant government bodies are present within the NSC in some form.</p> <p>3. Linked to the above, it should be made clearer how lessons learnt from the implementation of the grants will feed into influencing legislative processes (new laws and revisions to the old) as set out in component 2. Ideally lessons of this type should feed in to the broader FIP process in country but it is not clear how this might happen, and if the responsibility for this falls to the NSC, one can assume that Samdhana will have a significant role to play and could end up moving from being a service provider to a campaign/advocacy organisation. This would put them in a very difficult position with the MoEF. For example how will new KPH laws (para 63) better address customary rights and tenurial claims?</p>	<p>importance of engaging government in order to give their decision-making more credibility.</p> <p>As a result, the current NSC composition has as a non-voting member, a government representative, nominated by the Ministry of Environment and Forestry. No other ministries were invited to be involved. The NSC has agreed to continue to revisit this. They also have agreed that till further decisions are taken, they will bring on government as needed to participate in their events but not as members. The NSC through the NEA operates in close association with the DKN for consultation of key elements of the DGMI (e.g., recently through the DKN the safeguard instruments were consulted on, where all chambers of the DKN participated).</p> <p>There are three ways in which the NSC and NEA feel legislative processes can be influenced: (i) reviewing proposed legislation (or policy analysis), (ii) communicate/advocate for particular changes in legislation with evidence or (iii) be part of an academic or legal drafting team on legislation. The capacity building in component 2 will focus on training NSC and other emerging IPLC leaders to extract insights and lessons from the experiences of their constituents (which will be tracked through different M&amp;E tools) and to also engage in the three ways to influence legislation.</p> <p>The idea is to empower the NSC and other emerging IPLC leaders to engage in these processes and be seen as the legitimate voice at events that are convened in country to discuss the various legal issues of relevance to the DGMI. Samdhana is already engaged in advocacy on land tenure through their network of fellows. Their support for the DGMI is not expected to modify their mandate.</p> <p>On how specific legislations and regulations on KPHs will be influenced – the FIP support from ADB and WB include</p>

Key points raised by FIP SC	Task Team's response
	<p>reviewing/revising specific lower level legislation on KPHs. The process includes due consultations with key stakeholders. The DGMI supports the IPLC to pull together the evidence and support to engage in these processes, but it does not finance the actual conduct of the processes. The NSC is represented in the Indonesia FIP Program steering committee and also on the technical steering committees of the World Bank FIP project and can therefore engage that way as well.</p>
<p>4. Land conflict and mediation is well covered as a symptom of weak tenure, but where does mediation lead to arbitration and a court ruling with changes in land tenure status and/or compensation? The legal/judicial end of this work is complex and faces a huge risk ; there is limited capacity for this mediation/arbitration work in Indonesia. Again, the UK has experience of this sort of work and would be happy to share lessons learnt with the DGM team.</p>	<p>Thank you. The operational guidelines for the DGM (dated 12/09/2013) note that “activities carried out in relation to adjudication of lands under dispute” are ineligible for funding by the DGM. Accordingly, the project will not be supporting work on arbitration. That said, we will inform the NEA to that the UK government has supported activities in Indonesia that could provide insights on mediation/arbitration.</p>
<p>5. The safeguard triggers are numerous and seem to have created a significant amount of World Bank staff inputs (some 100 staff weeks for safeguards and another 24-44 staff weeks for M&amp;E). This is a lot of time for the Samdhana team to manage, and whilst the inputs may be very useful, they could distract the Samdhana team from their core work. Further information on how to guard against this would be appreciated.</p>	<p>The expected WB support for safeguards is 10 staff weeks for the first 12 months and 16 weeks spread over the remaining 3 years.</p> <p>The first year is when systems are put in place and the Bank team will assist the Samdhana team to achieve this including supporting them in trainings, and operationalizing the ESMF. This has to be part of the Samdhana team's core work when implementing the DGMI as the instruments, while called safeguard instruments, point to appropriate participation of women and marginalized groups, due consideration for</p>

Key points raised by FIP SC	Task Team's response
	<p>land uses, and so on. Application of these instruments influence the sustainability of the project,</p> <p>For M&amp;E we have allocated 12 weeks over the four years. The team has already been supporting Samdhana in thinking through and developing the system both for reporting on the results framework but also for reporting more broadly on the impact of the interventions and capturing some of the often critical, but unnoticed, changes the DGM is enabling – e.g., dialogue with local governments. Here too, we feel this level of support is important as M&amp;E will be the basis for learning more widely and also adapting the project implementation elements.</p>
<p>6. Overall this is actually quite a small programme in financial terms when considering the scope set out in the proposal; with 7 regions to cover (just over 8 grants per region), in a huge country. There is a danger that the DGM grants will raise expectation that cannot be met, and will be spread thin making it difficult to assess their value and impact (somewhat reminiscent of the “let a thousand flowers bloom” concept). As the document states, it will be important to manage expectations and try and crowd in other resources.</p> <p>It is not clear how the DGM will relate to the other FIP investments given the DGM is potentially covering many more regions.</p> <p>If you take the PAD analysis at face value then most emissions can be reduced by working on peatlands and fire. The PAD rightly recognises that the underlying causes of peatland decomposition and forest fire are largely tenurial in nature, so it is very reassuring to see this coming through in one of the selection criteria for grantees, which includes areas vulnerable to peatland decomposition and forest/land</p>	<p>Thank you for this comment. Similar comments have been raised by the Bank team. Respecting that the DGM resources are for the IPLC (via the NSC) to utilize to position themselves to engage in FIP and REDD+, the outcome in terms of geographic spread and number of activities stems from a process of the IPLC consulting with their constituents and trying to address the recommendations made by the MDB team.</p> <p>The design of the DGMI in Indonesia has had to balance a very high expectation of the DGMI raised among the IPLC constituents prior to project preparation and the reality of what the DGMI can achieve. Accordingly while the activities are spread in seven regions, the focus is on about 60 activities to ensure that each of the interventions are meaningful in the geographic area they are situated.</p>

Key points raised by FIP SC	Task Team's response
<p>fires. Whilst respecting the broader empowerment objectives of the DGM, it is on this set of issues that the most impact and arguably value for money on GHG emissions reduction can be achieved. There is therefore a question to be asked about greater geographical focus (and see point 8 below about testing the approach).</p>	<p>One of the criteria for selection is the leveraging of other interventions, and the FIP is one of them. The NSC did not want to be linked solely to the FIP and have asked to keep this criteria broad.</p> <p>On priority geographies, the NSC and NEA are aware of the importance to focus on key ecosystems like peatlands. Here too, the outcome in the project design is a result of trying to balance the IPLC's strong commitment to equality and the need for value for money.</p>
<p>7. More thought should be given to how relatively small-scale community-based initiatives can have influence beyond the immediate project area (this is a challenge for all the DGM projects) - in a landscape that for example includes a peat dome that is being drained elsewhere by an oil palm or fibre company. One link is through the provincial level spatial plan and One Map initiative, which are now being rolled out to district-level. So it would be good to see the connections with this given greater emphasis. It is good to see that the DGM will support IPLCs to access private and public resources available beyond the DGM- in particular making the most of potential partnerships with private entities. It would be helpful to hear more about what such partnerships might look like and what the role of the DGM might be in helping to support them.</p>	<p>Linkages with other projects will be critical. As noted in the PAD One Map is one of the projects that the DGMI will be able to link with. The Bank team has engaged members of the WB Bank team on One Map in the discussions and opportunities for linkages are being further elaborated.</p> <p>The partnerships with private entities that were considered include the partnership arrangements that can take place under the partnership framework in KPHs as well as partnerships related to benefit sharing (e.g., from geothermal investments).</p>
<p>8. In component 2, there is a good opportunity to address a key challenge - how to make a direct transfer of resources to a community and to achieve optimal results. This is a major and as yet unresolved issue in REDD+ and there is an opportunity here to demonstrate some</p>	<p>The question of how to make a direct transfer to a community and achieve optimal results is an important one. The community-driven development projects supported by the Bank continue to wrestle with this question.</p>

Key points raised by FIP SC	Task Team's response
<p>of the connections between the work that the DGM is doing and developing a “proof of concept” that could crowd in other resources via the DGM structure or be replicated for other financial transfer schemes.</p>	<p>We will invite the NEA and NSC to consider sharing insights on a proof of concept through component 2. The Bank team is also seeking parallel resources to conduct some action research on the effectiveness of the DGMI. The financing is still pending confirmation.</p>
<p>As the project document and others have noted, the challenges to implementing and monitoring projects in a country as large as Indonesia are formidable. The project document notes the actions taken to address these challenges, but we would appreciate information on any further assistance to the NEA that may be provided, if needed. Will the Bank provide further assistance to the NEA during the implementation period?</p>	<p>The Bank has an implementation support plan that will be operationalized during the course of the project. The plan captures the minimum level of support that the Bank will provide and is detailed in Annex 3 of the PAD. Key Bank team members working on the project are also based in Jakarta and, as has been done during preparation, will be available to assist the NEA as needed.</p>
<p>In addition, we understand that any harvesting operations supported by the project would NOT involve industrial-scale logging in primary tropical forests. We would appreciate confirmation on that point.</p>	<p>Confirmed that the project would not involve industrial-scale logging in primary tropical forests</p>