



## Grant Report

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Project Number: 47084  
June 2016

# Proposed Administration of Grant Republic of Indonesia: Community-Focused Investments to Address Deforestation and Forest Degradation Project

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Asian Development Bank



## CURRENCY EQUIVALENTS

(as of 25 June 2016)

Currency unit – rupiah (Rp)

Rp1.00 = \$0.000074

\$1.00 = Rp13,415

## ABBREVIATIONS

ADB	- Asian Development Bank
BAPPENAS	- <i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
CBFM	- community-based forest management
CO <sub>2</sub> e	- carbon dioxide equivalent
DMF	- design and monitoring framework
EA	- executing agency
FIP	- Forest Investment Program
FMU	- forest management unit
GHG	- greenhouse gas
MHA	- masyarakat hukum adat (customary communities)
MOEF	- Ministry of Environment and Forestry
MOF	- Ministry of Finance
PAM	- project administration manual
SCF	- Strategic Climate Fund
SFM	- sustainable forest management

## GLOSSARY

REDD+	- Reducing emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon stock improvement (+ refers to the last three phrases)
Co-Benefits	- Benefits arising from REDD+ in addition to greenhouse gas mitigation, such as enhancing adaptation to climate change, conserving biodiversity, alleviating poverty, improving local livelihoods, improving forest governance and protecting rights.

## NOTE

In this report, “\$” refers to US dollars.

<b>Vice-President</b>	S. Groff, Operations 2
<b>Director General</b>	J. Nugent, Southeast Asia Department (SERD)
<b>Directors</b>	S. Tabor, Country Director, Indonesia Resident Mission, SERD J. Zhang, Environment, Natural Resources and Agriculture Division, SERD
<b>Team leader</b>	S. Ancha, Principal Climate Change Specialist, SERD
<b>Team members</b>	S. Aman-Wooster, Principal Social Development Specialist (Safeguards), SERD U. Hoque, Senior Social Sector Specialist, SERD M.N. Islam, Environment Specialist, SERD L. Leung, Natural Resources and Agriculture Economist, SERD N. Mardinah, Safeguards Officer (Resettlement), SERD A. Musa, Senior Financial Management Specialist, SERD C. Pak, Counsel, Office of the General Counsel J. Pedersen, Senior Procurement Specialist, Operations Services and Financial Management Department E. Quincieu, Water Resources Specialist, SERD J. Rush, Principal Operations Communications Specialist, SERD E. Thomas, Social Development Specialist (Civil Society and Participation), SERD P. Wardani, Senior Project Officer, SERD
<b>Peer reviewer</b>	F. Radstake, Principal Environment Specialist, East Asia Department

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## PROJECT AT A GLANCE

<b>1. Basic Data</b>		Project Number: 47084-002	
Project Name	Community-Focused Investments to Address Deforestation and Forest Degradation	Department /Division	SERD/SEER
Country Borrower	Indonesia Government of Indonesia	Executing Agency	Ministry of Environment and Forestry
<b>2. Sector</b>		<b>ADB Financing (\$ million)</b>	
✓ Agriculture, natural resources and rural development	Subsector(s) Forestry Land-based natural resources management		0.00 0.00
		<b>Total</b>	<b>0.00</b>
<b>3. Strategic Agenda</b>		<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive Global and regional transboundary environmental concerns Natural resources conservation	Climate Change impact on the Project	Medium
Environmentally sustainable growth (ESG)			
Regional integration (RCI)			
	Pillar 4: Other regional public goods		
<b>4. Drivers of Change</b>		<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Components Civil society participation Institutional development Organizational development Knowledge sharing activities Pilot-testing innovation and learning Bilateral institutions (not client government) Civil society organizations Implementation International finance institutions (IFI)	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)			
Partnerships (PAR)			
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No		
<b>6. Risk Categorization:</b>	Complex		
<b>7. Safeguard Categorization</b>	Environment: B Involuntary Resettlement: B Indigenous Peoples: A		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
ADB		0.00	
Cofinancing		17.00	
Strategic Climate Fund - FIP - Grant		17.00	
Counterpart		1.70	
Government		1.70	
Total		18.70	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		Yes	



## I. INTRODUCTION

1. As a pilot country of the Forest Investment Program (FIP) under Climate Investment Funds, the Government of Indonesia (the government) prepared a forest investment plan with support from the Asian Development Bank (ADB), World Bank and International Finance Corporation (IFC).<sup>1</sup> At the request of the government, ADB proposed to administer the Community-Focused Investments to Address Deforestation and Forest Degradation Project (the 'project'). The design and monitoring framework is in Appendix 1.

2. The project<sup>2</sup> will support the government and customary communities to sustainably manage forests and reduce greenhouse gas (GHG) emissions through enhancing institutional and technical capacity and improving livelihood of rural communities to address drivers of deforestation and degradation. The project will implement community-focused and gender-responsive pilots for reducing emissions from deforestation and forest degradation (REDD+)<sup>3</sup> in five forest management units (FMUs)<sup>4</sup> in Kapuas Hulu and Sintang districts of West Kalimantan province. The project will contribute to effective implementation of provincial REDD+ strategy and harmonization of sub-national fiscal policies on REDD+ with national policies.

## II. THE PROJECT

### A. Rationale

3. **Forests and climate change.** Deforestation, forest degradation and peat decomposition account for up to 15% of GHG emissions globally and up to 60% in Indonesia.<sup>5</sup> The annual GHG emissions from deforestation and forest degradation are estimated to be between 320 and 430 million tons of carbon dioxide equivalent (CO<sub>2</sub>e) while the average annual forest loss varied from 1.87 (1990-1996) to 0.8 million hectares (2007-2014). Continued degradation of forests will deplete key ecological functions for agriculture, which would particularly affect the rural poor and reduce their resilience to climate change impacts. Efforts to reduce deforestation and forest degradation and to promote sustainable forest management (SFM) are, therefore, critical to address climate change and promote sustainable development.

4. As forests cover 70% of Indonesia's land area and forest-related GHG emissions are expected to be at least 50% of total emissions in the foreseeable future, the country's ambition to reduce GHG emissions by 29% from business as usual levels by 2030 with its own funds and by 41% with international support can be achieved only by protecting its forests<sup>6</sup>. The importance of forest protection to combat climate change is also a key feature in the recently concluded Paris Agreement. To achieve GHG reduction targets, the State Ministry of National Development Planning has developed an action plan, and set emission reduction targets for

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<sup>1</sup> FIP sub-committee endorsed investment plan ([https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_6\\_Indonesia\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf)) for \$70 million (\$37.5 million grant and \$32.5 million soft loan) in November 2012. The ADB and the World Bank are the partner agencies for the grants while the IFC will provide soft loans. The World Bank project will support decentralized forest management by enabling institutional arrangements at national level and operationalizing FMUs. The IFC project will demonstrate replicable REDD+ business models for small and medium enterprises. The World Bank and IFC have not yet identified provinces for their operations.

<sup>2</sup> ADB. 2014. *Project Preparatory Technical Assistance to the Republic of Indonesia for Community-focused investments to address deforestation and forest degradation*. Manila. (TA 8660-INO).

<sup>3</sup> REDD+: REDD stands for "Reducing emissions from deforestation and forest degradation" and '+' stands for "conservation, sustainable management of forests and enhancement of forest carbon stocks."

<sup>4</sup> Referred to as *Kesatuan Pengelolaan Hutan* (KPH) in the Basic Forestry Law No. 41/1999.

<sup>5</sup> Ministry of Environment, 2010. *Indonesia's Second National Communications under the United Nations Framework Convention on Climate Change*. Jakarta.

<sup>6</sup> [http://www4.unfccc.int/submissions/INDC/Published%20Documents/Indonesia/1/INDC\\_REPUBLIC%20OF%20INDONESIA.pdf](http://www4.unfccc.int/submissions/INDC/Published%20Documents/Indonesia/1/INDC_REPUBLIC%20OF%20INDONESIA.pdf).

each sector, including forestry.<sup>7</sup> A national REDD+ strategy was prepared in 2012 to guide implementation of REDD+, including institutional systems, policy regulation, design of strategic programs and multi-stakeholder participation. Different provinces, selected districts and cities prepared sub-national action plans in support of national plan. However, progress in developing the REDD+ safeguards information systems, and measurement, reporting and verification framework was limited.

5. **Project area.** West Kalimantan, with a mean deforestation rate of 132,500 hectares (ha) per year between 2001 and 2012, is one of the top five provinces contributing to Indonesia's GHG emissions. Forestry plays an important role in province's economic development and environmental sustainability. However, about 667,383 ha of forest area in the province was degraded in 2013<sup>8</sup> and around 3,356 ha lost due to forest fire in 2014.<sup>9</sup> The province has the highest poverty rate in Kalimantan, with many poor people living in remote areas, with limited access to services and over-reliance on natural resources. The cost for the government to provide services to forest communities is high, making sustainable use of forests important for the wellbeing of the poor. Within the province, the districts of Sintang and Kapuas Hulu hold the second and third largest state forest area. In view of high potential for reducing GHG emissions and poverty, the province of West Kalimantan and the two districts of Kapuas Hulu and Sintang have been selected as target areas.

6. **Drivers.** The key drivers of deforestation and forest degradation in the province are: (i) commercial logging, (ii) forest conversion to agriculture, (iii) mining (primarily coal and gold), and (iv) uncontrolled fires.<sup>10</sup> Climate change, which is manifested mainly through increased temperatures, low rainfall in dry season and high precipitation in wet season, increases the risk of forest fires, droughts and floods respectively. Risk of forest fires is elevated during prolonged warm periods, promoting easier ignition and faster spread. In 2015, for example, massive forest fires occurred due to high temperatures and El Nino-induced drought. The rise in forest fire risk also has adverse implications on human health and biodiversity loss.

7. The underlying causes of deforestation and forest degradation include: (i) inconsistent and inadequate spatial planning (due to limited accurate data to inform regional spatial plans), (ii) unclear land use rights and conflicts, and (iii) weak governance. Uncoordinated sectoral development planning, overlapping permits in forest areas, weak spatial planning capacity, limited site level forest management oversight, contradictory regulations and laws, irrational fiscal incentives, inadequate law enforcement, and lack of inclusive and participatory processes contribute to weak institutional governance. Giving local communities due recognition in forest management and providing them with ecosystem and livelihood benefits through conservation and SFM opportunities is critical.

8. To address key drivers of deforestation and forest degradation and improve livelihood of forest-dependent communities in target areas, the project will invest in community-focused REDD+ activities (e.g., community-assisted forest regeneration and maintenance, community-based forest fire management, community-led land use planning and monitoring, community-based ecotourism) in five FMUs –four in Kapuas Hulu district,<sup>11</sup> and one in Sintang district. With

<sup>7</sup> Republic of Indonesia, 2011. *Presidential Regulation of the Republic of Indonesia No. 61 Year 2011 on the National Action Plan for Greenhouse Gas Emission Reduction*. Jakarta.

<sup>8</sup> West Kalimantan in Figures. 2015. BPS (Badan Pusat Statistik/Statistical Agency of Indonesia).

<sup>9</sup> Indonesia online early warning system and data on forest fire, [http://sipongi.menlhk.go.id/hotspot/luas\\_kebakaran](http://sipongi.menlhk.go.id/hotspot/luas_kebakaran).

<sup>10</sup> Sector Assessment (summary): Agriculture, Natural Resources and Rural Development (accessible from the list of linked documents in Appendix 2).

<sup>11</sup> Two production FMUs and two conservation FMUs in Betung Kerihun and Danau Sentarum National Parks.

FMUs serving as the entry point, the project will strengthen institutional and technical capacity of local governments in West Kalimantan, provide policy support to harmonize sub-national policies for REDD+ with national policies, and establish non-monetary incentives, safeguard systems and gender-responsive benefit sharing arrangements. By promoting SFM, the project will not only reduce GHG emissions but also enhance carbon stocks, provide community livelihood co-benefits, clarify and protect tenure rights of customary communities, and enhance conservation of biodiversity and ecosystem services.

9. **Development coordination.** Development partners such as Australia,<sup>12</sup> Denmark, Germany, Japan, Norway, and USA have long supported the forestry and climate change efforts of the government and the West Kalimantan province.<sup>13</sup> In May 2010, Indonesia and Norway signed a letter of intent under which Norway pledged to contribute up to \$1 billion to support REDD+ efforts.<sup>14</sup> The progress achieved under the agreement is modest, but the agreement triggered new steps toward reducing deforestation, such as increased transparency through more complete and accurate maps, enhanced political space to advance indigenous rights, and increased awareness of REDD+ governance. Indonesia also joined several multilateral REDD+ initiatives such as the Forest Carbon Partnership Facility and the UN-REDD program. The project will collaborate with these initiatives and build on successful experiences, while taking measures to avoid negative outcomes. For example, the project may collaborate with Forest Carbon Partnership Facility in improving the REDD+ Safeguards Information System, and with REDD+ support facility by Denmark and Norway in providing advisory services.

10. The project forms a part of the \$70 million forest investment plan endorsed by the FIP subcommittee and will complement the FIP projects administered by the World Bank and IFC. The project will also collaborate with the FIP Dedicated Grant Mechanism for Indigenous People and Local Communities, which aims to support capacity and institutional building aspects for local communities, to enable them to participate in REDD+ policy dialogues and pursue sustainable forest management based on their customary practices. The project will establish a basis for performance-based REDD+ payments by promoting strong synergies with projects of other development partners and with ADB's ongoing technical assistance on SFM.<sup>15</sup>

11. **Lessons.** The project design has incorporated several lessons related to stakeholder involvement, capacity building, benefit sharing mechanisms, incentives and livelihood support, tenure clarification, and safeguards from other REDD+ initiatives by the government and development partners. The need for promoting strong ownership and involvement of the local communities and sub-national governments in project design and implementation was recognized. Likewise, the need for implementing advance actions and application of project readiness filters has been considered critical to minimize start-up delays.

12. **Alignment with related policies and strategies.** The project will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia's economic development 2011–2025, national action plan to reduce GHG emissions, national REDD+ strategy and West Kalimantan's provincial action plan to reduce emissions.<sup>16</sup> The project's objectives are closely aligned with the National Medium Term Development Plan 2015-2019, Long-term Forest Management Plan 2015-2019, National REDD+ Strategy, West Kalimantan

<sup>12</sup> Kalimantan Forest Carbon Partnership. <http://www.gcftaskforce-database.org/StateOverview/WestKalimantan>.

<sup>13</sup> Development Coordination (accessible from the list of linked documents in Appendix 2).

<sup>14</sup> [http://www.unorcid.org/upload/doc\\_lib/Norway-Indonesia-LoI.pdf](http://www.unorcid.org/upload/doc_lib/Norway-Indonesia-LoI.pdf).

<sup>15</sup> ADB, 2013. *Technical Assistance to the Republic of Indonesia for Sustainable Forest and Biodiversity Management in Borneo*. Manila. (TA 8331-INO).

<sup>16</sup> Indonesian REDD+ Task Force. 2012. *REDD+ National Strategy*, Jakarta, Indonesia.

REDD+ Strategy, and Heart of Borneo<sup>17</sup> National Strategic Plan of Action 2015-2019. The project is aligned with (i) strategic priorities for the Midterm Review of Strategy 2020 of ADB,<sup>18</sup> and (ii) ADB's interim Country Partnership Strategy 2015 for Indonesia which has two strategic pillars: (a) inclusive growth and (b) environmental sustainability with climate change adaptation and mitigation.<sup>19</sup> The project is consistent with ADB's climate change priorities<sup>20</sup> and ADB's Operational Plan for Agriculture and Natural Resources 2015-2020, which identifies enhanced management and climate resilience of natural resources as a priority.

## **B. Impact and Outcome**

13. The expected impact will be increased environmental and livelihood benefits. The outcome will be improved REDD+ implementation in project areas of West Kalimantan province.

## **C. Outputs**

14. **Output 1: Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.** The project will establish REDD+ pilots in 17 villages of five FMUs in Kapuas Hulu and Sintang districts, including the national parks of Betung Kerihun and Danau Sentarum. Key focus is on conserving areas with high carbon stocks and restoring forest cover in areas with highest potential for maximizing climate and development benefits from carbon sequestration, soil, water and biodiversity conservation within the project area. The activities include: (a) rehabilitating 6,000 ha of degraded land through community-based assisted natural regeneration, (b) bringing 1,880 ha of deforested land under improved community-based agroforestry systems (e.g., rubber and coffee, gaharu and coffee), (c) formulating community-based forest management (CBFM) agreements between villages and FMUs to cover about 17,000 ha, (d) protecting 5,000 ha of natural forests directly and 91,000 ha indirectly from fire through community-based forest fire management, (e) strengthening REDD+ monitoring and safeguards information systems at district level, (f) developing spatial and business plans for FMUs, which are aligned with CBFM plans, and (g) strengthening capacity of FMU staff and local communities, including women, on REDD+ safeguards, SFM, conflict mediation and payment for ecosystem services. The activities will reduce pressure on forests by providing alternative livelihood to local communities contributing to their economic resilience.

15. **Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented.** This will identify and address barriers for effective implementation of the provincial strategy for REDD+ in West Kalimantan. Key activities include: (a) strengthening the capacity of provincial staff to understand REDD+ concepts, monitor and report REDD+, prepare FMU business plans, draft REDD+ regulations and carbon accounting, (b) establishing and linking province-wide grievance and benefit sharing mechanisms with FMUs and national systems, (c) creating a provincial REDD+ monitoring and safeguards information system, including REDD+ activity registry, and (d) establishing a grievance redress mechanism on tenure and REDD+ activities.

16. **Output 3: Sub-national fiscal policies on REDD+ harmonized with national policies.** Key activities include: (i) analyzing fiscal policies for integration of natural capital considerations to provide policy guidance to national and sub-national governments, (ii) conducting policy

<sup>17</sup> The Heart of Borneo (HOB) Initiative is a trans-boundary effort between Brunei, Indonesia and Malaysia to enable conservation and sustainable development that improves the welfare of those living on the island of Kalimantan while minimizing deforestation, forest degradation and the associated loss of biodiversity and ecosystem services.

<sup>18</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>19</sup> ADB. 2015. *Interim Country Partnership Strategy: Indonesia*. Manila.

<sup>20</sup> ADB. 2010. *Addressing Climate Change in Asia and the Pacific: Priorities for Action*. Manila.

dialogues to assess gaps in fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, and identify measures for effective harmonization of policies, and (iii) identifying funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.

#### D. Investment and Financing Plans

17. The project is estimated to cost \$18.7 million (Table 1).

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Community-focused and gender-responsive REDD+ pilots	15.4
2. Provincial REDD+ strategy in West Kalimantan effectively implemented	1.0
3. Sub-national fiscal policies on REDD+ harmonized with national policies	1.1
<b>Subtotal (A)</b>	<b>17.5</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.2</b>
<b>Total (A+B)</b>	<b>18.7</b>

REDD+ = Reducing Emissions from Deforestation and Degradation

<sup>a</sup> Includes taxes and duties of \$1.7 million to be financed from government resources through exemption. ADB may finance taxes and duties for the project. Taxes and duties financing by ADB is within the reasonable threshold identified in the CPS, does not represent an excessive share of project investment plan, apply only to ADB financed expenditures, and is material and relevant to the project

<sup>b</sup> In mid-2016 prices.

<sup>c</sup> Physical contingencies computed at 10% for civil works; 3% for consulting services, and 8% for community driven development activities, training, surveys, and studies. Price contingencies computed at 1.5% on foreign exchange costs and 5.1% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Sources: ADB and government estimates.

18. The SCF will provide a grant not exceeding the equivalent of \$17 million, to be administered by ADB. This grant will fund consulting services, vehicles, equipment, civil works, training, coordination, and community livelihood activities. The government will cover taxes and duties through exemption and provide in-kind support. The financing plan is in Table 2.

**Table 2: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Strategic Climate Fund <sup>a</sup>	17.0	90.9
Government	1.7	9.1
<b>Total</b>	<b>18.7</b>	<b>100.0</b>

<sup>a</sup> Under the Forest Investment Program financed by the Strategic Climate Fund. Administered by the Asian Development Bank.

Source: ADB.

#### E. Implementation Arrangements

19. The Directorate General of Social Forestry and Environmental Partnerships (Perhutanan Sosial dan Kemitraan Lingkungan – PSKL) of the Ministry of Environment and Forestry (MOEF) will be the executing agency (EA). The EA will provide overall coordination, ensure proper financial management and comply with annual monitoring and reporting of the project's contribution to the FIP results framework. The implementing agencies (IAs) will be: (i) the Directorate of Business Development for Social Forestry and Customary Forest (Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat, BUPSHA) to implement REDD+ activities through

partnerships with local communities in FMUs outside national parks, (ii) the Directorate of Environmental Services Utilization and Conservation Forest (Direktorat Pemanfaatan Jasa Lingkungan Hutan Konservasi, PjLHK) to implement REDD+ activities in national parks, and (iii) the Directorate of Production Forest Management Unit (Direktorat Kesatuan Pengelolaan Hutan Produksi, KPHP) to implement REDD+ activities other than those related to social forestry in production forests of FMUs. The respective technical implementation units of IAs at provincial levels will assist IAs in effective project monitoring. The provincial and district forest agencies and FMUs will collaborate with the technical implementation units and are supported by a team of consultants.

20. The FIP steering committee for Indonesia, comprising representatives of various ministries, will serve as the project steering committee and will coordinate all FIP-supported projects to be administered by ADB, World Bank and IFC. The implementation arrangements are summarized in Table 3 and described in detail in the project administration manual (PAM).<sup>21</sup>

**Table 3: Implementation Arrangements**

Aspects	Arrangements		
Implementation period	January 2017–December 2021 (60 months)		
Estimated completion date	31 December 2021 (Grant Closing Date: 30 June 2022)		
Management			
(i) Oversight body	Project steering committee: Chaired by the FIP Focal Point (Senior Advisor to the Minister), with members from MOEF, Ministry of Finance, BAPPENAS, CMEA, representative of steering committee on Dedicated Grant Mechanism, with representatives of ADB, World Bank and IFC as observers.		
(ii) Executing agency	Directorate General of Social Forestry and Environmental Partnerships		
(iii) Key implementing agencies	<ul style="list-style-type: none"> <li>• Directorate of Business Development for Social Forestry and Customary Forest</li> <li>• Directorate of Environmental Services Utilization and Conservation Forest</li> <li>• Directorate of Production Forest Management Unit</li> </ul>		
(iv) Implementation unit	Jakarta, MOEF (13 staff); Pontianak (three staff); Kapuas Hulu (three staff); Sintang (three staff), assisted by PISU consultants.		
Procurement	National competitive bidding	9 contracts	\$ 11.67 million
	Shopping	7 contracts	\$ 0.51 million
Consulting services	QCBS	1605 person-months	\$ 3.22 million
	Individual consultants	100 person-months	\$ 0.35 million
Advance contracting	Advance contracting of PISU through QCBS. The government has requested ADB's assistance in the recruitment. The government is aware that negotiation, contract signing and supervision will remain their responsibility.		
Disbursement	The grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2015, as amended from time to time) and detailed arrangements agreed upon between the government and ADB.		

BAPPENAS = National Planning Ministry, CMEA = Coordinating Ministry of Economic Affairs, FIP = Forest Investment Program, FMU = forest management unit, IFC = International Finance Corporation, PISU = project implementation supporting unit, QCBS = quality- and cost-based selection  
Source: ADB.

21. ADB will assist the EA in selecting consultants of the project implementation supporting unit in accordance with the ADB's Guidelines on the Use of Consultants (2013, amended from time to time). The EA will retain responsibility for negotiating and signing the contract with the consulting firm, issuing the notice to proceed and supervising the consultant's services.

<sup>21</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Procurement of goods and services will be in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

### III. DUE DILIGENCE

#### A. Economic and Financial

22. Cost-benefit analysis showed that the project is economically viable. Three benefit categories were quantified and assessed: (i) GHG emission reduction, (ii) improved ecosystem services, (iii) incremental increase in income for communities from agroforestry and other livelihood interventions. The economic internal rate of return is estimated at 11.8% over 10 years, without accounting for GHG emission reductions. This is slightly less than the 12% threshold but it is a conservative estimate considering that project's benefits extend well beyond the 10-year period. However, if GHG emissions are valued at \$10/tCO<sub>2</sub>e, the project yields a high economic internal rate of return of 45.2% over 10 years. The sensitivity analysis confirmed that the project benefits and returns are modest but robust.<sup>22</sup>

23. A financial and sustainability analysis was conducted from both perspectives of the government and local communities. From the perspective of the government, the financial sustainability of the project was assessed by comparing the incremental recurrent costs (considered to be 2% of capital cost per annum) with the budget allocation available to cover those costs. Since MOEF has substantial capacity to cover these recurrent costs, the project is considered financially sustainable. In addition, sustainability is assured through provincial regulations, which secure payments for ecosystem services to partially cover the recurrent cost of protection and enforcement. Agroforestry and community rubber plantation will also raise additional tax revenues to be channeled for forest protection, as specified in Resource Provision Levy of the government.

24. From the local communities' perspective, the potential internal rates of return for land-based interventions range from 20.2% to 32.1%. On an incremental basis, the livelihood interventions are expected to increase total household income by \$6.9 million in present value in the project districts. It is important to note that the project yields other benefits that could not be monetized. They include: (i) sound REDD+ models for forest management, (ii) strengthened institutional and human capacity in SFM and biodiversity conservation, and (iii) increased ownership and involvement of local communities in protection and conservation of forest resources against forest fires and encroachment.

#### B. Governance

25. Project implementation, financial management and procurement will be aligned with the government standard operating procedures. The executing and implementing agencies have adequate capacity for financial management, procurement and legislation. The risk rating for financial management is medium based on assessment of accounting and auditing procedures and staff expertise. The existing financial information system (i.e., accounting, reporting, and internal control system) is reasonably complete. The MOEF staff is experienced in managing projects funded by ADB and other multilateral and bilateral agencies. The overall procurement risk is assessed as low. To address shortfalls in capacity, the project will provide training to project staff on ADB project administration, especially on financial management. ADB's Anticorruption Policy (1998, as amended to date) and ADB's Integrity Principles and Guidelines

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<sup>22</sup> Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

(2015, as amended to date) were explained to and discussed with the government. The specific policy requirements and supplementary measures are described in the PAM.<sup>23</sup>

26. **Grievance redress mechanism.** The executing agency will set up a grievance redress mechanism in consultation with relevant stakeholders within six months of grant effectiveness and post it publicly on the project website with outreach for all project areas. Simultaneously, the output 2 of the project will establish a grievance redress mechanism on tenure and REDD+ issues. In addition, an information disclosure mechanism will be in place to ensure that the local communities in Kapuas Hulu and Sintang districts are aware of grievance mechanisms and their potential involvement and responsibilities in the project activities.

### C. Poverty and Social

27. The project is classified as general intervention. The project will benefit at least 10,000 persons in 17 villages, with 2,000 households increasing their income by participating directly in afforestation and other livelihood activities.<sup>24</sup> The project will contribute to poverty reduction efforts of the government by providing income-generating activities and alternative livelihoods to poor communities, which, in turn, decrease pressure on the forests. At the same time, by protecting forests, communities can turn to forest resources to supplement their incomes and enhance their adaptive capacity. Small-scale rural infrastructure provided by the project is expected to improve their access to basic services and amenities. In addition, downstream communities are expected to benefit from enhanced ecosystem services generated through the actions of the direct beneficiaries. The project's institutional and capacity-building interventions are expected to generate significant social benefits to communities, local governments, and private and non-government organizations. As the project is community-focused, participation and engagement of the poor, local communities, civil society organizations, and other stakeholders is emphasized. During project implementation, a community empowerment specialist will be hired as part of the project implementation supporting unit to look into poverty and social issues, and to integrate social dimensions into project operations and monitoring systems. A counterpart staff from the government will also be appointed to ensure that project implementation involves the poor and that project benefits accrue to the poor.

28. **Gender.** The project is categorized as effective gender mainstreaming. The project supports women's voice and participation in all activities related to forest conservation, assisted natural regeneration, use of forest resources, benefit sharing and in project supported livelihood activities, including setting up, operating, and managing small-scale income-generating projects. A gender action plan<sup>25</sup> has been prepared and includes among others, the following: (i) women are 50% of beneficiaries in programs to improve value chain and livelihood skills; (ii) women's groups are established to support non-timber forest products based micro-enterprise development; (iii) women are trained to manage forest-based micro-enterprises; (iv) women constitute at least 30% of the participants in consultation processes; members in community forest management groups; participants of workshops and study visits on REDD+ readiness and implementation; (v) 30% of the participants in the capacity building activities targeted for FMU and district forestry agency staff are women, and (vi) proposals developed for additional funding will be gender-responsive with clear gender outcome indicators and activities specifically targeted at women's groups. The project will ensure equitable opportunities for representation of women to assume leadership functions in various organizations. Technical

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<sup>23</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

<sup>24</sup> Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

<sup>25</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

training will be provided according to women's needs and aspirations, including establishing and strengthening women's groups and mentoring programs for community-level women leaders. The project will support female government staff and women's groups to develop their knowledge of climate change mitigation and adaptation measures focusing on forest ecosystems. Adequate resources have been allocated to implement the gender action plan.

#### D. Safeguards

29. **Environment.** The project is categorized as B. It is expected to achieve significant environmental benefits, including cumulative reduction of 3.7 million tons CO<sub>2</sub>e of GHG emissions, improved watersheds and increased biodiversity in the ecosystems of previously degraded and deforested areas. The project will undertake small-scale infrastructure (e.g. ecotourism facilities) and livelihood activities that may potentially cause minimal disturbances to the environment, but can be easily mitigated with proper site selection, use of environmental-friendly construction technology, and proper disposal of waste generated. The environmental assessment and review framework will guide the environmental screening and categorization of project interventions and identify potential impacts.<sup>26</sup> Sample initial environmental examinations for two villages (Bungan Jaya and Tanjung Sari)<sup>27</sup> were prepared to provide prototype for screening and identifying typical impacts of potential interventions and will serve as a template for preparing the environmental management and monitoring plans under the project. Effective environmental monitoring at all stages of project implementation will be ensured.

30. **Involuntary resettlement.** The project is categorized as B for involuntary resettlement. Land acquisition is expected to be minor and no relocation will take place. The resettlement framework<sup>28</sup> was prepared in consultation with the FMUs, local governments in Kapuas Hulu and Sintang districts and MOEF to guide the preparation of resettlement plans, as needed. The framework includes institutional arrangements and mechanisms for disclosure, meaningful consultation and redress of grievances.

31. **Indigenous peoples (Masyarakat Hukum Adat [MHA]).** The project is categorized as A, mainly from the point of significant positive impacts on MHA or customary communities through livelihood improvement activities and beneficiary measures. An indigenous peoples planning framework<sup>29</sup> was prepared to provide guidance on: (i) screening for the presence of MHAs and the project's impacts on them, (ii) preparing an Indigenous Peoples' Plan<sup>30</sup> for activities anticipated to have impacts on MHAs, and (iii) mitigating adverse impacts and enhancing positive impacts. The framework will ensure that project activities are implemented to foster full respect for MHA identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the MHA themselves. The framework will enable MHA to: (i) receive culturally appropriate social and economic benefits, (ii) participate actively in the project, and (iii) ensure that they do not suffer adverse impacts as a result of the project.<sup>31</sup>

32. In compliance with ADB's information disclosure and consultation requirements, the safeguard documents have been posted on ADB's website. The project will allocate adequate

<sup>26</sup> Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

<sup>27</sup> Initial Environmental Examination: Bungan Jaya and Tanjung Sari (accessible from the list of linked documents in Appendix 2).

<sup>28</sup> Resettlement Framework (accessible from the list of linked documents in Appendix 2).

<sup>29</sup> Indigenous Peoples Planning Framework (accessible from the list of linked documents in Appendix 2).

<sup>30</sup> Indigenous Peoples' Plan refers to *Masyarakat Hukum Adat Plan*

<sup>31</sup> ADB. 2010. Safeguard Policy Statement. *Operations Manual*. OM F1. Manila.

resources (human and financial) to strengthen capacity of FMUs and district staff for implementing, monitoring and reporting on social and environmental safeguards.

## E. Risks and Mitigating Measures

33. The overall assessment of the project risks is rated medium. Major risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.<sup>32</sup> The integrated benefits and impacts are expected to outweigh the costs.

**Table 4: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigating Measures</b>
Lack of ownership by FMU staff and local communities	The project will design (i) capacity building initiatives targeted at staff in FMUs and districts, and (ii) livelihood improvements to ensure strong ownership of communities.
Conflicts of interest and lack of clear responsibilities among stakeholders, including communities	Prior agreements on responsibilities of different stakeholders, including selection of beneficiaries and coordination among institutions at various levels, will be made.
Climate disasters, forest fires and pests adversely affect forest growth	Project will include demonstration of climate change mitigation and adaptation measures.
Lack of clarity on tenure and overlaps with concessions, and unexpected revisions in local forest management rules can delay implementation of CBFM and planning of REDD+ pilots	Project will support efforts to clarify tenure, and restrict project locations to areas outside known concessions; District and FMU staff will commit to communities entering into CBFM agreements not to make abrupt changes in local forest management rules in project areas.
Capacity constraints in governance including financial management	Project will provide training on ADB project administration, including financial management and procurement

FMU = forest management unit, CBFM = community-based forest management

Source: ADB.

## IV. ASSURANCES

34. The government has assured ADB that implementation of the project shall conform to all applicable ADB's policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and grant documents. The government has agreed with ADB on certain covenants for the project, which are set forth in the grant agreement.<sup>33</sup>

## V. PRESIDENT'S DECISION

35. The President, acting under the authority delegated by the Board, has approved the administration by the Asian Development Bank (ADB) of the grant not exceeding the equivalent of \$17,000,000 to the Republic of Indonesia for the Community-Focused Investments to Address Deforestation and Forest Degradation Project, to be provided by the Strategic Climate Fund.

Takehiko Nakao  
President

\_\_\_\_ June 2016

<sup>32</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

<sup>33</sup> Grant Agreement (accessible from the list of linked documents in Appendix 2).

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with</b>			
Increased environmental and livelihood benefits (REDD+ National Strategy, 2012*; Indonesia Forest Investment Plan, 2012** West Kalimantan Provincial Action Plan for Reducing GHG Emissions, 2012***).			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<p><b>Outcome</b> Improved REDD+ implementation in project areas of West Kalimantan province.</p>	<p>By 2026: a. Cumulative GHG emissions in project area reduced by 3.7 million tons CO<sub>2</sub>e. (2017-2026 baseline net GHG emissions of 12.4 million tons CO<sub>2</sub>e)</p> <p>By 2022: b. Household income of local communities<sup>1</sup> in three FMUs increased by 20% in real terms (2015 baseline: Rp30 million/year in Kapuas Hulu, Rp15 million/year Sintang in project villages) (with sex disaggregated data on targeted beneficiaries).</p>	<p>a-b. Government reports to the UNFCCC, MOEF records, BAPPENAS statistics, West Kalimantan REDD+ monitoring system</p>	<p>Rapid expansion of agriculture into project areas can lower net emission reductions</p> <p>Conflicts of interest and unclear responsibilities on REDD+ among stakeholders, including communities</p> <p>Low commodity market prices erode household income</p>
<p><b>Outputs</b> 1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.</p>	<p>By 2022:</p> <p>1a. Five FMUs in two districts implement REDD+ pilots in a participatory manner (2016 baseline: N.A.)</p> <p>1b. 6,000 ha of degraded land rehabilitated through community-based assisted natural regeneration. (2016 baseline: 0)</p> <p>1c. 1,880 ha of deforested land brought under improved community-based agroforestry systems. (2016 baseline: 0)</p> <p>1d. 5,000 ha of additional natural forest protected directly (2016 baseline: 1,400 ha) and 91,000 ha indirectly (2016 baseline: 0) through community-based forest fire management, including improved honey collection and fish drying techniques.</p> <p>1e. 17,000 ha of natural forest land brought under CBFM. (2016 baseline: 0)</p> <p>1f. At least 20 staff and 500 community members (200 women) trained in implementing community-based REDD+ pilots. (2016 baseline: 8 staff, 0 community members)</p> <p>1g. At least 10,000 people (5,000 women) in 2,800 households in project villages with improved clarification on access to land and natural resources. (2016 baseline: N.A.)</p>	<p>1a-e. PPMS reports, FMU management plans, FIP progress report</p> <p>1f. Training reports, PPMS reports</p> <p>1g. Field surveys, PPMS reports</p>	<p>Lack of ownership by FMU staff and local communities</p> <p>Lack of clarity on tenure and overlaps with concessions, and unexpected revisions in local forest management arrangements can delay implementation of CBFM agreements and planning of REDD+ pilots.</p> <p>Natural disasters, forest fires, insect pests and plant pathogens affect forest growth and quality</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
2. Provincial REDD+ strategy in West Kalimantan effectively implemented.	<p>By 2022:</p> <p>2a. Three provincial regulations supporting REDD+ issued. (2016 baseline: N.A.)</p> <p>2b. Grievance redress mechanism on tenure and REDD+ operationalized. (2016 baseline: N.A.)</p> <p>2c. At least 50 staff (15 women) trained on REDD+ planning, implementation and communication. (2016 baseline: 5)</p> <p>2d. Safeguards and community-based monitoring system for REDD+, including activity registry, established. (2016 baseline: N.A.)</p>	<p>2a-b. Provincial reports</p> <p>2c-d. PPMS reports, provincial reports</p>	Conflict of interest and lack of commitment to make necessary changes in policies & regulation.
3. Sub-national fiscal policies on REDD+ harmonized with national policies.	<p>By 2022:</p> <p>3a. Guidelines for integrating natural capital considerations into fiscal policies and incentive mechanisms drafted. (2016 baseline: N.A.)</p> <p>3b. At least three sub-national policies (fiscal, benefit sharing and incentive mechanisms) harmonized with national policies. (2016 baseline: N.A.)</p> <p>3c. At least three gender-responsive proposals for mobilizing sub-national REDD+ funding developed. (2016 baseline: N.A.)</p>	3a-c. PPMS reports, MOEF reports	Conflict of interest and lack of commitment to make necessary changes in policies & regulation.
<b>Key Activities with Milestones</b>			
<b>1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented</b>			
<p>1.1 Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure. (Q4, 2017)</p> <p>1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES. (Q3, 2018) [G/CD]</p> <p>1.3 Formulate CBFM agreements with local communities, including women. (Q3, 2018) [GE, G/CD]</p> <p>1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development. (Q4, 2018) [G/CD, GE, PSD]</p> <p>1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases. (Q3, 2019) [G/CD]</p> <p>1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans. (Q3, 2019) [G/CD]</p> <p>1.7 Support establishment of FMU “block XXI” and prepare its long-term business plan. (Q4, 2019)</p> <p>1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction. (Q4, 2020) [G/CD]</p> <p>1.9 Implement REDD+ pilots<sup>2</sup> with local communities, including women, to generate income and reduce emissions. (Q3, 2021) [PSD, GE]</p> <p>1.10 Provide equipment and training for community-based forest fire management. (Q3, 2021)</p>			
<b>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</b>			
<p>2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure. (Q4, 2017)</p> <p>2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations. (Q3, 2019) [G/CD]</p> <p>2.3 Establish a provincial monitoring system and safeguards information system for REDD+. (Q4, 2019)</p> <p>2.4 Establish a grievance redress mechanism on tenure and REDD+ activities. (Q3, 2019)</p>			

<p><b>3. Sub-national fiscal policies on REDD+ harmonized with national policies</b></p> <p>3.1 Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper. (Q3, 2017) [KS]</p> <p>3.2 Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure. (Q4, 2017)</p> <p>3.3 Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization. (Q2, 2018)</p> <p>3.4 Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project. (Q4, 2021) [G/CD]</p> <p><b>Project Management Activities</b></p> <p>A project performance management system established and operational (Q2, 2017)</p> <p>200 staff from various levels (national, provincial and FMU) trained on project management (Q2, 2018)</p> <p><b>Inputs</b></p> <p>ADB: \$0.0 million</p> <p>Government: \$1.7 million</p> <p>Strategic Climate Fund: \$17.0 million (grant)</p> <p><b>Assumptions for Partner Financing</b></p> <p>Not Applicable</p>
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ADB = Asian Development Bank, BAPPENAS = National Development Planning Agency, CBFM = community-based forest management, CO<sub>2</sub>e = carbon-dioxide equivalent, FIP = Forest Investment Program, FMU = forest management unit, FPIC = free, prior and informed consent, G/CD = governance and capacity development, GE = gender equity, KS = knowledge solutions, MOEF = Ministry of Environment and Forestry, N.A. = not available, PES = payment for environmental services, PPMS = project performance monitoring system, Q = quarter, REDD+ = reducing emissions from deforestation and forest degradation.

<sup>1</sup> The local communities predominantly comprise Dayak and Melayu, in Indonesia known as *masyarakat hukum adat* (MHA) or *customary communities*.

<sup>2</sup> REDD+ pilots include forest-based activities (such as agroforestry systems, rubber plantations and assisted natural regeneration), other income generating activities (beekeeping, catfish culture, handicrafts, community-based ecotourism) and provisioning of training and small-scale infrastructure (such as rural road improvement, micro-hydro and solar panels).

\* REDD+ National Strategy, Indonesian REDD+ Task Force, Jakarta, Indonesia, June 2012

\*\* Indonesia Forest Investment Plan, document FIP/SC.9/6, Government of Indonesia, 2012.

\*\*\* Provincial Action Plan for Reducing GHG Emissions, Government of West Kalimantan, 2012.

Source: Asian Development Bank

### LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=XXXXX-XX-3>

1. Grant Agreement
2. Sector Assessment (Summary): Agriculture, Natural Resources and Rural Development
3. Project Administration Manual
4. Contribution to the ADB Results Framework
5. Development Coordination
6. Economic and Financial Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Gender Action Plan
10. Initial Environmental Examination: Bungan Jaya and Tanjung Sari
11. Environmental Assessment and Review Framework
12. Resettlement Framework
13. Indigenous Peoples Planning Framework
14. Risk Assessment and Risk Management Plan

#### **Supplementary Documents**

15. Poverty and Social Impact Analysis
16. Detailed Economic Analysis
17. Financial Management Assessment
18. Procurement Risk Assessment
19. Gender Analysis
20. Stakeholder Consultation and Participation Plan
21. Stakeholder Communication Strategy
22. Climate Risk Assessment and Management

# Project Administration Manual

Draft for Management Review Meeting  
Project Number: 47084  
Grant Number: GXXXX  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## ABBREVIATIONS

ADB	-	Asian Development Bank
BAPPENAS	-	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BPK	-	Badan Pengawas Keuangan
BUPSHA	-	Directorate of Business Development for Social Forestry and Customary Forestry
CBFM	-	community-based forest management
CMEA	-	Coordinating Ministry of Economic Affairs
DMF	-	design and monitoring framework
EA	-	executing agency
EARF	-	environmental assessment review framework
FIP	-	Forest Investment Program
FMU/KPH	-	forest management unit
GAP	-	gender action plan
GHG	-	greenhouse gas
GOI	-	Government of Indonesia
GRM	-	grievance redress mechanism
IA	-	implementing agency
IEE	-	initial environmental examination
IP	-	indigenous peoples
IPP	-	indigenous peoples plan
M&E	-	monitoring and evaluation
MHA	-	masyarakat hukum adat (customary communities)
MOEF	-	Ministry of Environment and Forestry
MOF	-	Ministry of Finance
MRV	-	monitoring, reporting and verification
PHPL	-	Directorate of Production Forest Management
PISU	-	project implementation supporting unit
RAN GRK	-	Rencana Aksi Nasional Gas Rumah Kaca (National Action Plan for Reducing Greenhouse Gas Emissions)
RAPBN	-	Rencana Apenda Patan Belanja Negara (expenditure budget plan)
REDD+	-	reducing emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon stock improvement (+ refers to the last three phrases)
RF	-	resettlement framework
RKA	-	Rencana kegiatan anggaran (budget plan)
RPKPHJP	-	rencana pengelolaan KPH jangka panjang (long term KPH management plan)
SFM	-	sustainable forest management
UKL-UPL/ SPPL	-	environmental management and monitoring plan
UPT	-	technical implementing units
WA	-	withdrawal application

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## **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through links to relevant URLs or directly incorporated in the PAM.

The Ministry of Environment and Forestry (MOEF) and its Directorates [(i) Directorate General of Social Forestry and Environmental Partnerships (Direktorat Jenderal Perhutanan Sosial dan Kemitraan Lingkungan - PSKL in Bahasa), (ii) Directorate of Business Development for Social Forestry and Customary Forestry (Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat - BUPSHA in Bahasa), (iii) Directorate of Environmental Services Utilization of Conservation Forest (Direktorat Pemanfaatan Jasa Lingkungan Hutan Konservasi - PJLHK in Bahasa), and (iv) Directorate of Production Forest Management (Direktorat Kesatuan Pengelolaan Hutan Produksi - KPHP in Bahasa)] are wholly responsible for the implementation of this Strategic Climate Fund-financed and ADB-administered project, as agreed jointly between the recipient and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MOEF, PSKL, BUPSHA, PJLHK and KPHP of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At grant negotiations, the recipient and ADB shall agree to the PAM and ensure consistency with the grant agreement. Such agreement shall be reflected in the minutes of the grant negotiations. In the event of any discrepancy or contradiction between the PAM and the grant agreement, the provisions of the grant agreement shall prevail.

After the President's approval of the financing project, changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instruction) and upon such approval they will be subsequently incorporated in the PAM.



## I. PROJECT DESCRIPTION

### A. Project Rationale, Location and Beneficiaries

#### 1. Rationale

1. Deforestation, forest degradation and peat decomposition account for up to 15% of greenhouse gas (GHG) emissions globally and up to 60% in Indonesia.<sup>1</sup> Reducing emissions from deforestation and forest degradation, conservation and sustainable management of forests, and enhancement of forest carbon stocks (REDD+) is critical to address climate change. As forests cover 70% of Indonesia's land area, the Government of Indonesia's (the "government") intended nationally determined contribution (INDC) to reduce GHG emissions by 29% from business as usual levels by 2030 with its own funds and by 41% with international support and can be achieved only by protecting its forests. Based on satellite imagery of 2009, forests accounted for 89.64 million hectares (68.4% of total area). However, it is estimated that an additional 8.07 million hectares of forests exist outside the land classified as forest, including peat land.<sup>2</sup> The government pledged to protect the remaining natural forests and to restore all degraded forest land.

2. West Kalimantan is one of the top five provinces in Indonesia contributing to GHG emissions, with an average annual deforestation of 132,500 ha. The key drivers of deforestation and forest degradation are: (i) commercial logging; (ii) conversion of forest to agriculture; (iii) mining (primarily coal and gold); and (iv) uncontrolled fires. The underlying causes include: (i) inconsistent and inadequate spatial planning (due to limited accurate data to inform regional spatial plans), (ii) unclear land ownership and land conflicts, and (iii) weak governance (including uncoordinated sectoral development planning, overlapping permits in forest areas, weak spatial planning capacity, limited site level forest management oversight, contradictory regulations and laws, perverse fiscal incentives, inadequate law enforcement, and lack of inclusive and participatory processes).

3. The project is part of Indonesia's forest investment plan supported by the Forest Investment Program (FIP) and will complement other FIP projects administered by the World Bank and International Finance Corporation (IFC) in addressing the drivers of deforestation and forest degradation. The project will invest in community-focused REDD+ activities (e.g., community-based land use planning, community-led forest monitoring and forest fire management, community-assisted forest regeneration and maintenance, and community-based ecotourism) in five forest management units (FMUs) in two districts (Kapas Hulu and Sintang) of West Kalimantan province. The project will strengthen the capacity of FMUs, districts and province, provide support to harmonize sub-national policies for carbon stock enhancement with national policies, and establish non-monetary incentives and implement monitoring, safeguard systems and equitable and gender-responsive benefit sharing arrangements. By promoting sustainable forest management (SFM), the project will not only reduce GHG emissions and enhance carbon stocks but also provide livelihood co-benefits such as poverty reduction, improved livelihood for forest communities, strengthened land management rights of customary

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<sup>1</sup> Ministry of Environment. 2010. Jakarta, Indonesia. Land Use, Land Use Change and Forestry, and peat lands accounted for as much as 60% of total GHG emissions (1.4GtCO<sub>2e</sub>) of Indonesia in 2000. The National Action Plan to reduce GHG emissions (released as a Presidential decree no. 61/2011 in September 2011) projects that LULUCF and peatlands would account for 53% of total annual GHG emissions by 2020 (3.0GtCO<sub>2e</sub>). Average annual forest loss varied from 1.87 million hectares (1990-1996) to 0.8 million hectares (2007-2014).

<sup>2</sup> Ministry of Forestry. 2011. Jakarta, Indonesia.

communities (*Masyarakat Hukum Adat*, MHA) over their *adat* lands, and enhanced conservation of biodiversity and ecosystem services.

4. The project will build on lessons from other REDD+ initiatives by the government and development partners such as Australia, Germany, Japan, Norway, and USA, and establish a sound base for results-based REDD+ payments, such as those provided by the Forest Carbon Partnership Facility (FCPF) Carbon Fund, and Green Climate Fund (GCF). The project will collaborate with these initiatives in replicating and scaling up successful experiences. For example, the project can collaborate with GIZ and FCPF in improving REDD+ Safeguards Information System, and with REDD+ support facility by Denmark and Norway in providing advisory services for West Kalimantan province.

5. The project will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia's economic development 2011–2025, national action plan to reduce GHG emissions, national REDD+ strategy<sup>3</sup> and West Kalimantan's provincial action plan to reduce emissions. The project's objectives are closely aligned with the National Medium Term Development Plan 2015-2019, Long-term Forest Management Plan 2015-2019, National REDD+ Strategy, West Kalimantan REDD+ Strategy, and Heart of Borneo National Strategic Plan of Action 2015-2019.<sup>4</sup>

6. The project is aligned with (i) strategic priorities for the Midterm Review of Strategy 2020 of ADB,<sup>5</sup> and (ii) ADB's interim Country Partnership Strategy (CPS) 2015, which has two strategic pillars: (a) inclusive growth and (b) environmental sustainability with climate change adaptation and mitigation.<sup>6</sup> The project is consistent with ADB's climate change priorities<sup>7</sup> and ADB's Operational Plan for Agriculture and Natural Resources 2015-2020, which identifies management and resilience of natural resources as one priority.

## 2. Location

7. The project will be implemented in Sintang and Kapuas Hulu districts, which hold the second and third largest state forest area in West Kalimantan province (Figure 1). Direct interventions of the project will be implemented in 17 villages, including in Betung Kerihun National Park. In addition, community based forest fire management activities will be implemented in Danau Sentarum National Park (**Error! Reference source not found.**). In view of high potential for reducing GHG emissions and poverty, the province of West Kalimantan and the districts of Kapuas Hulu and Sintang have been selected as target areas.

<sup>3</sup> Indonesian REDD+ Task Force. 2012. *REDD+ National Strategy*, Jakarta, Indonesia.

<sup>4</sup> The Heart of Borneo (HOB) Initiative is a trans-boundary effort between Brunei, Indonesia and Malaysia to enable conservation and sustainable development that improves the welfare of those living on the island of Kalimantan while minimizing deforestation, forest degradation and the associated loss of biodiversity and ecosystem services.

<sup>5</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

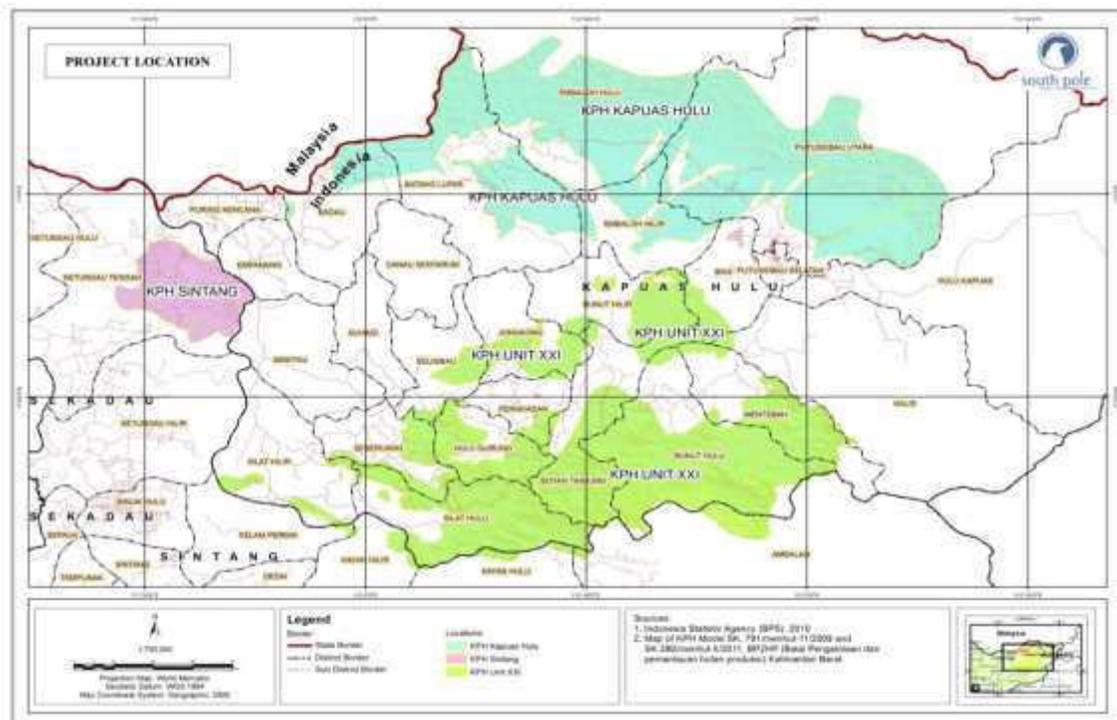
<sup>6</sup> ADB. 2015. *Interim Country Partnership Strategy: Indonesia*. Manila.

<sup>7</sup> ADB. 2010. *Addressing Climate Change in Asia and the Pacific: Priorities for Action*. Manila.

**Table 1: Villages in Kapuas Hulu and Sintang included in the Project**

SN	Village	Population	Households	Area (ha)
<b>Kapuas Hulu District</b>		<b>9,608</b>	<b>2,713</b>	<b>7,106</b>
FMU Model Kapuas Hulu				
1	Banua Tengah	574	100	119
2	BatuLintang	326	145	175
3	Nanga Nyabau	365	100	143
4	Padua Mendalam	292	179	240
5	RantauPrapat	422	89	381
6	SibauHilir	2,439	610	550
7	Sibau Hulu	1,090	365	1,399
8	Sungai Uluk Palin	363	157	128
9	Tanjung Lasa	574	124	385
FMU block XXI				
10	Bunut Hulu	1,149	322	78
11	Nanga Tuan	838	197	75
FMU National Park Betung Kerihun				
12	Bunjun Jaya	691	199	2,468
13	TanjungLokang	485	126	965
FMU National Park Danau Sentarum				
<b>Sintang District</b>		<b>4,070</b>	<b>1,022</b>	<b>248</b>
FMU Model Sungai Meraka				
14	KayuDujung	1,898	502	66
15	Radin Jaya	915	214	123
16	Senangan Kecil	442	107	21
17	Tanjung Sari	815	199	38
<b>Total</b>		<b>13,678</b>	<b>3,735</b>	<b>7,354</b>

**Figure 1: Project Location**



### 3. Beneficiaries

8. The project will focus on customary communities or MHA in five FMUs that rely on forest as source of economic benefits, cultural values and environmental goods. In 2013, the percentage of people living under the poverty line in Kapuas Hulu and Sintang districts was higher than the provincial average (10.09% of poor people).<sup>8</sup> There are two predominant groups of MHA communities, the Dayak and the Melayu. Most Dayaks live in villages and hamlets, while the Melayu mostly are concentrated along rivers and around Danau Sentarum National Park. These groups generally lack livelihood opportunities and resources that would allow them to escape from poverty. These groups suffer disproportionately from food insecurity, insecurity of land tenure, and low levels of education and organization.

9. The project will directly benefit about 10,000 villagers participating in various income generating non-timber forest products (NTFP) activities including improved production and processing of wood and non-wood products. In addition, local FMU staff and provincial forestry staff will participate in communication and training program on REDD+ processes, and in the development of forest management plans.

#### B. Impact and Outcome

10. The impact will be increased environmental and livelihood benefits. The outcome will be improved REDD+ implementation in project areas of West Kalimantan province.

#### C. Outputs

11. **Output 1: Community-focused and gender responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.** The project will establish REDD+ pilots in 17 villages of five FMUs in Kapuas Hulu and Sintang districts, including the national parks of Betung Kerihun and Danau Sentarum. Figures 2 and 3 shows the REDD+ activities per village in Kapuas Hulu and Sintang districts. Key focus is on conserving areas with high carbon stocks and restoring forest cover in areas with highest potential for maximizing climate and development benefits from carbon sequestration, soil, water, and biodiversity conservation within the project area. The activities include: (a) rehabilitating 6,000 ha of degraded land through community-based assisted natural regeneration, (b) bringing 1,880 ha of deforested land under improved community-based agroforestry systems (e.g., rubber and coffee, gaharu and coffee), (c) formulating community-based forest management (CBFM) agreements to cover an area of 17,000 ha, (d) protecting 5,000 ha of natural forests directly and 91,000 ha indirectly from fire through community-based forest fire management, (e) establishing REDD+ monitoring and safeguards information systems at district level, (f) developing spatial and business plans for FMUs, which are aligned with CBFM plans, and (g) strengthening capacity of FMU staff and local communities, including women, on REDD+ safeguards, SFM, conflict mediation and payment for ecosystem services. The activities are expected to reduce pressure on forests and provide alternative livelihood to local communities contributing to their economic resilience.

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<sup>8</sup> BPS Kapuas Hulu. 2013. *Kabupaten Kapuas Hulu dalam Angka 2013*; BPS Kabupaten Sintang. *Kabupaten Sintang dalam Angka 2013*.

Figure 2: REDD+ Pilot Activities per Village in Kapuas Hulu District

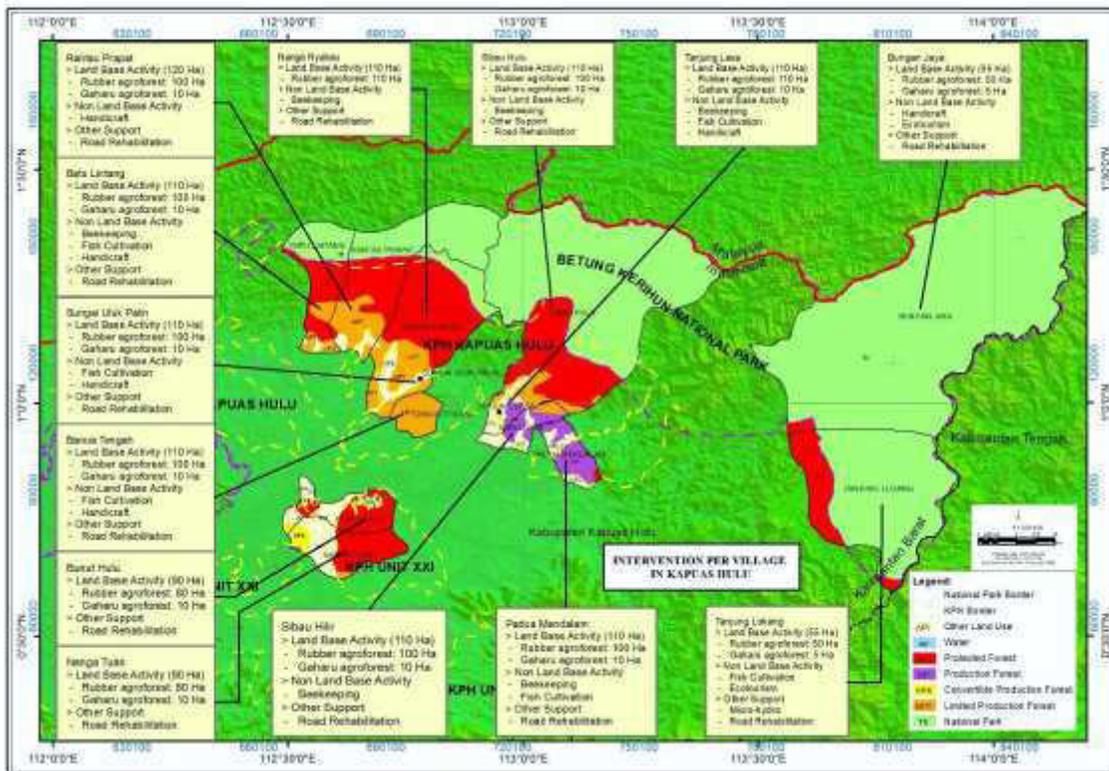
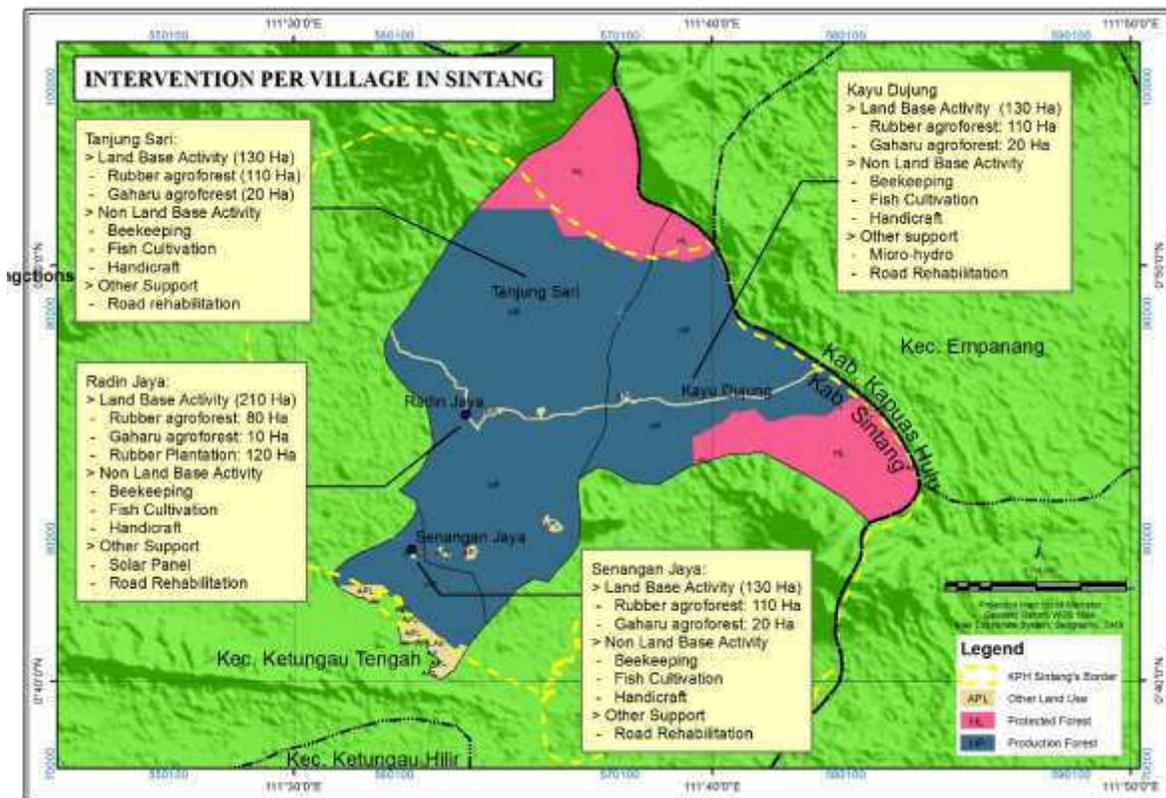


Figure 3: REDD+ Pilot Activities per Village in Sintang District



12. Project implementation will ensure strong participation and consultation with local communities, with special attention to women. The output will contribute to enhance carbon sequestration and reduce GHG emissions. It includes livelihood activities to MHA to provide additional income contributing to their economic resilience and food security.

### 1. Carbon Sequestration (Enhanced Removals)

13. **Agroforestry.** The project will establish agroforestry systems involving coffee, rubber, and gaharu (a native species from which incense is produced and is found to be a product with good economic potential in the project area), and rubber plantations on 1,880 ha of degraded land. Local communities often extract gaharu from natural forests. However, due to unsustainable practices, gaharu trees are being depleted while natural forests are degraded simultaneously. To reduce the pressure on natural forest, the project will support pilots to grow gaharu in agroforestry system with coffee.

14. **Assisted natural regeneration.** Natural forest restoration will be supported in about 6,000 ha. Activities include identification of suitable areas to restore as per FMU management plan, identification of native species to be planted, establishment of nurseries in three FMUs (Sungai Meraka, Kapuas Hulu and Block XXI) and planting of about 1.5 million native plants. Nursery design will follow best local practices.

### 2. Reducing Emissions

15. Greenhouse gas emissions will be reduced mainly through community-based forest fire management, and disseminating fire-free practices for honey collection and fish drying.

16. **Community-based forest fire management.** The project will support community-based forest fire management in the Danau Sentarum National Park (seven villages) and in three villages outside the park in Kapuas Hulu (Bunut Hulu, Nanga Tuan, and Sibau Hilir). Even though there are fire patrol groups in the national park, due diligence revealed that the current level of support is not adequate to control forest fires. In view of increasing temperatures in summer, forest fires are becoming more frequent. The project will support activities such as training of patrol groups, providing them with equipment for fire suppression and using geospatial systems to detect fire. Increasing the people involved in patrolling is expected to reduce the probability of fire. The project will also strengthen early warning system for forest fires. Each patrol group will have around 15 persons and cover an area of 500 ha. on an average. A total of 5,000 ha of forests will be directly protected in these 10 villages. It is important to note that forest fire management in these areas can indirectly protect nearly 91,000 ha of national park.

17. **Honey production and fish drying.** Traditionally local communities collect honey from honeycombs in the forest using fire and smoke. Often, this practice leads to local forest fires leading to degradation of natural forests. In a few cases, small fires even turn into uncontrollable forest fires. To reduce such fires, the project will promote beekeeping in cages and honey harvesting techniques that do not use fire. Local communities commonly use fire for fish drying. Uncontrolled forest fires occur sometimes due to such practices. The project will support production of freshwater fish and disseminate new practices for drying fish that do not use fire.

### 3. Community Livelihood Interventions

18. The project will support efforts to improve livelihood of local communities with a view to reduce pressure on natural forests and enhance ecosystem services. The community livelihood interventions are intended to serve as incentive for the villages to enter into forest management agreements with the FMUs, and commit the communities to protect the forest. Such activities include (i) development of community-based forest management (CBFM) agreements, (ii) production and commercialization of non-timber forest products (NTFPs), including cultivation of local tree species such as Philippine Tung (*Reutelaistrispermaorkemirisunan* in Bahasa), Durian (*Durio Zibethinus*) and dragon fruit (*Hylocereus spp.*) in home gardens, and (iii) promoting community-based ecotourism, fresh water fish production and handicrafts. In addition, limited rural infrastructure such as micro-hydro and solar panels for power generation and water supply facilities will be provided in selected villages as incentive for local communities to conserve forests as part of the CBFM agreements.

19. **Community-based forest management agreements.** Ten CBFM agreements to cover an area of 17,000 ha will be prepared so that local communities enter into a partnership with the FMU. Land boundaries and rights to use of forest resources will be defined jointly by community members and FMU staff. Clear land boundaries and rights to use forest land are important tools to restrict the conversion of land categorized as forest into other land uses. CBFM agreements are expected to restrict agricultural expansion. Close involvement of communities is expected to increase their ownership to land and care for natural resources.

20. **Home gardens.** The project will help in production and commercialization of Philippine Tung, durian and dragon fruit in home gardens to reduce dependence of local communities on forest resources. There is a growing demand for the Philippine Tung as a source of biodiesel in West Kalimantan, as part of reforestation and rehabilitation program supported by national government. The project will support its establishment and facilitate partnerships of project beneficiaries with local industries that produce biodiesel. The waste from biodiesel generation can be used as fertilizer, cattle feed or bio pesticide.<sup>9</sup> The establishment of the Philippine Tung will support its conservation and increase biodiversity as it is a 15 meter tree with large canopy. Durian is a large fruit tree that can reach 30 meters high, and is native to Indonesia. Dragon fruit grows in dry soils with little inputs. Both durian and dragon fruits are in high demand locally.

21. **Community-based ecotourism.** Community groups will be trained in ecotourism and provide ecotourism facilities (e.g., hiking trails, tourist information kiosks, toilets) for tourists in two villages in the Betun Kerihun National Park. Besides increasing income for local communities, ecotourism will foster a sense of belonging and awareness of local communities on the need to conserve natural forests.

22. **Handicrafts.** The project will support production and commercialization of handicrafts and other products to cater to growing number of tourists. Weaving tools will be provided and handicraft galleries will be established in each district. In addition, three exhibition fairs will be organized in Jakarta to facilitate long-term commercial agreements with potential buyers. Sustainable use of raw materials for weaving will be an incentive for local communities to protect the natural forest.

<sup>9</sup> <http://www.slideshare.net/bram1811/kemiri-sunan-the-renewable-energy-sources-cheaper-cleaner-and-greener-than-palm-oil>

23. **Community-focused infrastructure (micro-hydro, solar and water supply facilities and road rehabilitation).** As the project area includes communities with limited access to basic infrastructure such as water supply, electricity and roads, the project will improve access to such facilities as an incentive to protect forests. Small ponds will be constructed to store water and provide for consumption through building a pipe system to be managed by communities. Two community-managed micro-hydro power schemes will be installed, with capacity to generate 40 KVA along with an aerial power network, benefitting approximately 200 households. Establishing micro-hydro facilities will be based on experiences in other villages in Kapuas Hulu district, where communities have agreed to take responsibility for protection of forest around the watershed. As Radiin Jaya village of Sintang district is far from any significant water source, solar panels will be installed to supply power to about 200 households. In addition, rural pathways of up to 2 km per village with a maximum road width of 2 meters will be rehabilitated. This will facilitate access of communities to the main road in order to improve market opportunities and reduce transportation time and cost for trading agroforestry products.

#### 4. Capacity Building

24. **Communities.** The project will strengthen REDD+ awareness and capacity of local communities to manage forests sustainably through community-focused workshops and green school development. The latter consists of designing a curriculum on sustainable forest and natural resource management to be adopted by two local schools. In addition, small scale machinery for coffee drying, latex processing, and weaving will be provided to enhance income for local communities. Training will be provided on use of processing machinery, value addition, marketing and business development of products such as high quality honey with low water content, dragon fruit jams or desserts, or biodiesel from the Philippine Tung. At least three grants will be given to local women groups for the development of small businesses.

25. **Government staff.** The project will enhance capacity of FMUs and district staff on SFM through training on business plans development, REDD+ safeguards information system, free, prior and informed consent (FPIC) procedures, conflict mediation, and landscape level management. The project will support the development of a system for monitoring, reporting and verification (MRV), including measurement protocols on forest characteristics with spatial data. This MRV system at the FMU level will be linked with the provincial REDD+ activity registry and the MRV system at the national level.

#### 5. Forest Protection at FMU and District Level

26. The project will support forest protection at the landscape level through activities such as (i) refinement of the management plan in Kapuas Hulu FMU, and (ii) preparation of the forest management plan for Sintang and Block XXI FMUs. Additional support will be given to the Block XXI FMU in order to finalize its establishment and operationalization. Multi-stakeholder consultations will be used to develop the forest management plans of FMUs to ensure that village forest management plans and local needs are duly considered. Field facilitators and FMU staff will be trained in participatory and gender integrated planning.

27. The project will integrate land use classification, socio-economic and environmental variables in FMU plans and identify potential activities that will increase forest cover and protect existing natural forest. The project will only select those activities that are aligned with district development plans and respect local socio-economic and environmental characteristics.

**28. Output 2. Provincial REDD+ Strategy in West Kalimantan effectively implemented.**

This output will identify and address barriers for effective implementation of the provincial policy framework and strategy for REDD+ in West Kalimantan. Key activities include: (i) strengthening the capacity of provincial staff to understand REDD+ concepts, monitor and report REDD+ activities, prepare FMU business plans, draft REDD+ regulations and carbon accounting; (ii) establishing and linking province-wide grievance and benefit sharing mechanisms with FMUs and national systems; (iii) creating a provincial REDD+ monitoring and safeguards information system, including activity registry; and (iii) establishing a grievance redress mechanism on tenure and REDD+ activities.

29. It focuses on strengthening capacity of staff at provincial level to implement provincial REDD+ strategy and its processes effectively and link them with processes at FMUs and the national level. Specific activities include: (i) improve coordination and information dissemination on forestry planning and policy between national and sub-national agencies, (ii) establish a provincial REDD+ MRV system, REDD+ safeguards information system (SIS), and a grievance redress mechanism (GRM); and (iii) conduct provincial training programs on REDD+ processes and tools, including REDD+ SIS, GHG accounting and SFM.

30. The project will ensure close coordination between provincial agencies and the FMUs so that the provincial registry on REDD+ activities is updated on a real time basis. Ongoing efforts by other development partners will be considered. Special attention will be given to the results of the Indonesia National Carbon Accounting System (INCAS) and pilots in central Kalimantan. Likewise, the design of the provincial REDD+ SIS will build on experiences from REDD+ SIS at the national level. Lessons learnt from other countries will also be considered.

31. The REDD+ GRM will include tenure conflict management guidelines, which are culturally appropriate. MHA community members and representatives as well as local NGOs and other relevant stakeholders will be actively involved in designing the GRM. Local staff will be trained on tenure conflict management.

**32. Output 3: Sub-national Fiscal Policies on REDD+ Harmonized with National Policies.**

Key activities include: (i) analyzing fiscal policies for integration of natural capital considerations to provide policy guidance to national and sub-national governments, (ii) conducting policy dialogues to assess gaps in fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, and identify measures for effective harmonization of policies, and (iii) identifying funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.

33. This output focuses on harmonization of REDD+ related policies at FMU, district and provincial levels with those at national level, in line with national REDD+ strategy. Key activities include: (i) assessment of fiscal policies affecting emission reduction performance of forests at national and sub-national levels, (ii) improve coordination and information dissemination on REDD+ planning and policy between national and sub-national agencies, (iii) conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing mechanisms, and (iv) identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project. Attention will be paid to harmonize the forestry industry strategy in West Kalimantan with the national forestry industry strategy.

34. Effective communication among different levels is critical as each output corresponds to different levels of administration (district, provincial and national). Activities for improving

communication, including provision of communication equipment, and training in production of communication materials to disseminate project related information are provided in the project.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative activities	2016									2017	Responsible Agency
	A	M	J	J	A	S	O	N	D	J	
Advance contracting actions											MOEF and ADB
Establish project implementation arrangements											MOEF
FIP Sub-Committee Approval											SCF
Grant negotiations											MOF and ADB
ADB's President's approval											ADB
Grant signing											ADB and MOF
Legal opinion provided											MOEF, MOF
Government budget inclusion (DIPA)											MOEF, MOF and BAPPENAS
Grant effectiveness											ADB and MOEF

ADB = Asian Development Bank, DIPA = handover of budget execution document, MOEF = Ministry of Environment and Forestry, MOF = Ministry of Finance, SCF = Strategic Climate Fund.

Sources: ADB and GOI

## B. Project Readiness Filters

Filters	Stage 1 Draft Concept Paper Identification/Preparation	Stage 2 Appraisal/ Fact-finding	Stage 3 Before MRM	Stage 4 Grant Negotiations	Stage 5 Grant Effectiveness
<b>Government<sup>10</sup></b>					
Match with RPJMN	Confirmed				
Include need for on-granting	On-granting				
Confirmed by line agency/EA	Confirmed				
Project locations identified	1 Province, 2 Districts, 5 FMUs				
Capacity of line agency to implement project confirmed		Confirmed.			
Included in Green Book (Grant book)		Confirmed. <sup>11</sup>			
Project implementation plan confirmed		Confirmed; Memo issued by MOEF	Reconfirmed		
Performance indicators identified and monitoring and evaluation approach confirmed	Confirmed				
Detailed engineering design	Not applicable				
Land acquisition/resettlement plan prepared		Prepared			
AMDAL approved	The project will not finance activities that require AMDAL				
Counterpart funds 1 <sup>st</sup> year confirmed		Orally confirmed for central agencies			
Organization and project implementation management confirmed		Counterpart staff identified	Counterpart staff designated		
PAM prepared		Drafted			
Procurement plan confirmed		Confirmed	Reconfirmed		
Financing plan and fund flow arrangements confirmed		Confirmed	Reconfirmed		
Grant negotiation readiness document prepared				To be prepared	
<b>ADB</b>					
Project design completed	Completed	Confirmed	Reconfirmed		
Advance actions reflected in the ADB project documents	Included in concept paper	Included in MOU, PAM, and procurement plan			

<sup>10</sup> As per Government Regulation No. 10/2011 Articles on Project Readiness Criteria.

<sup>11</sup> Grant Book entry reference: GB-12-4-0[http://pendanaan.bappenas.go.id/index.php?option=com\\_rubberdoc&view=doc&id=109&format=raw&Itemid=113](http://pendanaan.bappenas.go.id/index.php?option=com_rubberdoc&view=doc&id=109&format=raw&Itemid=113).

<b>Filters</b>	<b>Stage 1 Draft Concept Paper Identification/Preparation</b>	<b>Stage 2 Appraisal/ Fact-finding</b>	<b>Stage 3 Before MRM</b>	<b>Stage 4 Grant Negotiations</b>	<b>Stage 5 Grant Effectiveness</b>
Procurement assessment ready		Confirmed	Reconfirmed		
Financial management assessment ready		Confirmed	Reconfirmed		
Consulting services and procurement are packaged into few and large contracts			Reflected in the procurement plan		
Project start-up consultant TORs funded by PPTA to help advertising grant implementation support consulting firm			Start-up consultant mobilized		
PPTA period must cover the period until at least grant effectiveness			Memo approved.		
Evidence of provision of first year counterpart funding is shown to ADB					Evidence received [to follow]

ADB = Asian Development Bank, MOEF = Ministry of Environment and Forestry, MOF = Ministry of Forestry, RPJMN = Rencana Pembangunan Jangka Menengah Nasional (national long term development plan, SCF = Strategic Climate Fund.

### **C. Overall Project Implementation Plan**

DMF = design and monitoring framework.

### III. PROJECT MANAGEMENT ARRANGEMENTS

35. The FIP Steering Committee is headed by the Secretary General of MOEF and comprises members from the Ministry of Finance (MOF), National Development Planning Agency (BAPPENAS), Coordinating Ministry of Economic Affairs (CMEA), Directorate General of Rural and Human resource Development, FIP Focal Point, SCF Focal Point, and a representative of the Dedicated Grant Mechanism Steering Committee. Multilateral development banks (ADB, WB and IFC) participate in committee meetings as observers. Detailed roles and responsibilities are described below.

#### A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
FIP Steering committee (equals to FIP Indonesia Steering Committee)	<ul style="list-style-type: none"> <li>• Oversight of all activities administered by ADB, World Bank and IFC under FIP</li> <li>• Serves as the Project Steering Committee</li> <li>• Coordination of REDD+ policy priorities across various ministries and donor agencies</li> </ul>
Program Coordination Unit (PCU)	<ul style="list-style-type: none"> <li>• Support steering committee in oversight of FIP</li> <li>• Coordinate activities administered through ADB, World Bank and IFC.</li> </ul>
Ministry of Finance (MOF)	<ul style="list-style-type: none"> <li>• Allocation and timely release of counterpart funds</li> <li>• Communicate with ADB for any amendments in the allocation of the grant amount</li> </ul>
Directorate General of Social Forestry and Environmental Partnerships of MOEF (Direktorat Jenderal Perhutanan Sosial dan Kemitraan Lingkungan - PSKL) – executing agency (EA)	<ul style="list-style-type: none"> <li>• Overall coordination of the project activities as per requirements of the “planned grant” modality</li> <li>• Establishment and administration of the imprest account.</li> <li>• Submit disbursement projections and ensure counterpart support</li> <li>• Facilitate disbursement and withdrawal applications</li> <li>• Ensure fund flow arrangements in cooperation with the MOF and ADB</li> <li>• Coordinate activities with the FIP Steering Committee</li> <li>• Ensure compliance with grant covenants</li> <li>• Approve procurement plans</li> <li>• Ensure that project implementation complies with ADB’s safeguard policy statement and provisions in the EMPs included in the IEEs.</li> </ul>
<b>Implementing Agencies (IAs) (3)</b>	
<ul style="list-style-type: none"> <li>• Coordinate and monitor project activities under respective agencies</li> <li>• Provide technical advice to the project through UPTs</li> <li>• Approve the project implementation supporting consultant and guide PISU in implementation of project activities</li> <li>• Work closely with PISU to keep the procurement, financial and accounting records of the project</li> <li>• Coordinate in providing capacity development programs for FMUs, districts, province staff</li> <li>• Coordinate in providing REDD+ awareness building programs for communities</li> <li>• Obtain necessary environmental approvals from the respective departments</li> <li>• Oversee regular reporting by PISU on implementation to EA</li> <li>• Undertake quality control inspections of the project facilities.</li> <li>• Manage the handover of project facilities to the agencies responsible for operation and maintenance.</li> </ul>	

<b>Project Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
IA1: Directorate of Business Development for Social Forestry and Customary Forestry (Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat - BUPSHA)	<ul style="list-style-type: none"> <li>Implement REDD+ investments through partnership between FMUs and local communities, including livelihood options (e.g., promotion and commercialization of NTFP).</li> </ul>
IA2: Directorate of Environmental Services Utilization of Conservation Forest (Direktorat Pemanfaatan Jasa Lingkungan dan Hutan Konservasi - PJLHK)	<ul style="list-style-type: none"> <li>Implement REDD+ investments in Danau Sentarum National Park and Betung Kerihun National Park.</li> </ul>
IA3: Directorate of Production Forest Management Units (Direktorat Kesatuan Pengelolaan Hutan Produksi - KPHP)	<ul style="list-style-type: none"> <li>Implement project activities other than those related to social forestry in production forests of FMUs in Kapuas Hulu and Sintang.</li> </ul>
Forest Management Units (FMUs)	<ul style="list-style-type: none"> <li>Implement activities in the field for output 1 in coordination with PISU</li> </ul>
Technical Implementing Units (UPT): <ul style="list-style-type: none"> <li>Social Forestry and Environmental Partnerships office</li> <li>Production Forest Utilization Control Office</li> <li>Forest Area Gazettement Office</li> <li>Betung Kerihunand, Danau Sentarum National Park Office</li> </ul>	<ul style="list-style-type: none"> <li>Provide guidance to PISU and FMU staff in project activities.</li> <li>Participate in the technical committee to advise and support the implementation of the project activities</li> <li>Communicate with related directorates at the national level.</li> <li>Guide PISU for implementation support, coordination of administrative activities such as procurement, capacity development and awareness raising.</li> <li>Work closely with PISU to manage finance and accounting details of the project.</li> <li>Supervise contractors for REDD+ activities.</li> </ul>
Project Implementation Supporting Unit (PISU) (consulting firm)	<ul style="list-style-type: none"> <li>Undertake day to day management of the project activities in the field in close collaboration with the MOEF entities at different levels.</li> <li>Prepare and submit withdrawal applications and retain supporting documents.</li> <li>Submit regular (quarterly and annual) project reports to ADB upon endorsement by MOEF.</li> <li>Implement gender action plan, stakeholder participation plan, and stakeholder communication strategy.</li> <li>Assist the EA to prepare the annual contract awards and disbursement projections, and submit request for budgetary allocations for counterpart funds.</li> <li>Village coordinator and Village facilitators will be part of the PISU and will be in charge of the direct communication with local communities in the villages.</li> </ul>
Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>Liase with Strategic Climate Fund and CIF Admin Unit in administration of the FIP grant</li> <li>Review and approve procurement and disbursement documents</li> <li>Conduct semi-annual reviews, midterm reviews, project completion review and if necessary a special administration review mission</li> <li>Regularly update the project performance review reports with the assistance of EA.</li> <li>Ensure compliance to the financial audit</li> </ul>

Project Implementation Organizations	Management Roles and Responsibilities
	<p>recommendation.</p> <ul style="list-style-type: none"> <li>Regularly post on ADB website the updated project information documents for public disclosure and the Safeguards documents as per disclosure provision of the ADB Safeguards Policy Statement.</li> </ul>

ADB = Asian Development Bank, EMP = environmental management plan, IEE = initial environmental examination, MOU = memorandum of understanding.

## B. Key Persons Involved in Implementation

### Executing Agency

Directorate General of Social Forestry and Environmental Partnership  
Ministry of Environment and Forestry

Dr. Apik Karyana,  
Position: Directorate General of Social Forestry and Environmental Partnership  
Email address: [akaryana@yahoo.com](mailto:akaryana@yahoo.com)  
Office Address: GedungManggalaWanabakti, Jl. GatotSubroto, Blok 1

### Implementing Agencies

Directorate Business Development for Social forestry and Customary Forest

Ir. Masyhud, M.M,  
Position: Director of Business Development for Social forestry and Customary Forestry  
Email: [masyhud2008@gmail.com](mailto:masyhud2008@gmail.com)  
Office Address: GedungManggalaWanabakti, Jl. GatotSubroto, Blok 1

Directorate of Environmental Services Management of Conservation Forest

Dr. Ir. NoviantoBambang W., M.Si.,  
Position: Secretary Directorate General of Environmental Services Management of Conservation Forest  
Email: [n.bambang\\_w@yahoo.com](mailto:n.bambang_w@yahoo.com)  
Office Address: GedungManggalaWanabakti, Jl. GatotSubroto, Blok 1

Directorate of Production Forest Management Unit

Ir. Sakti Hadenggan, M.For.Sc  
Position: Secretary Directorate General of Production Forest Management Unit  
Email: [saktihad@gmail.com](mailto:saktihad@gmail.com)  
Office Address: GedungManggalaWanabakti, Jl. GatotSubroto, Blok 1

### Asian Development Bank

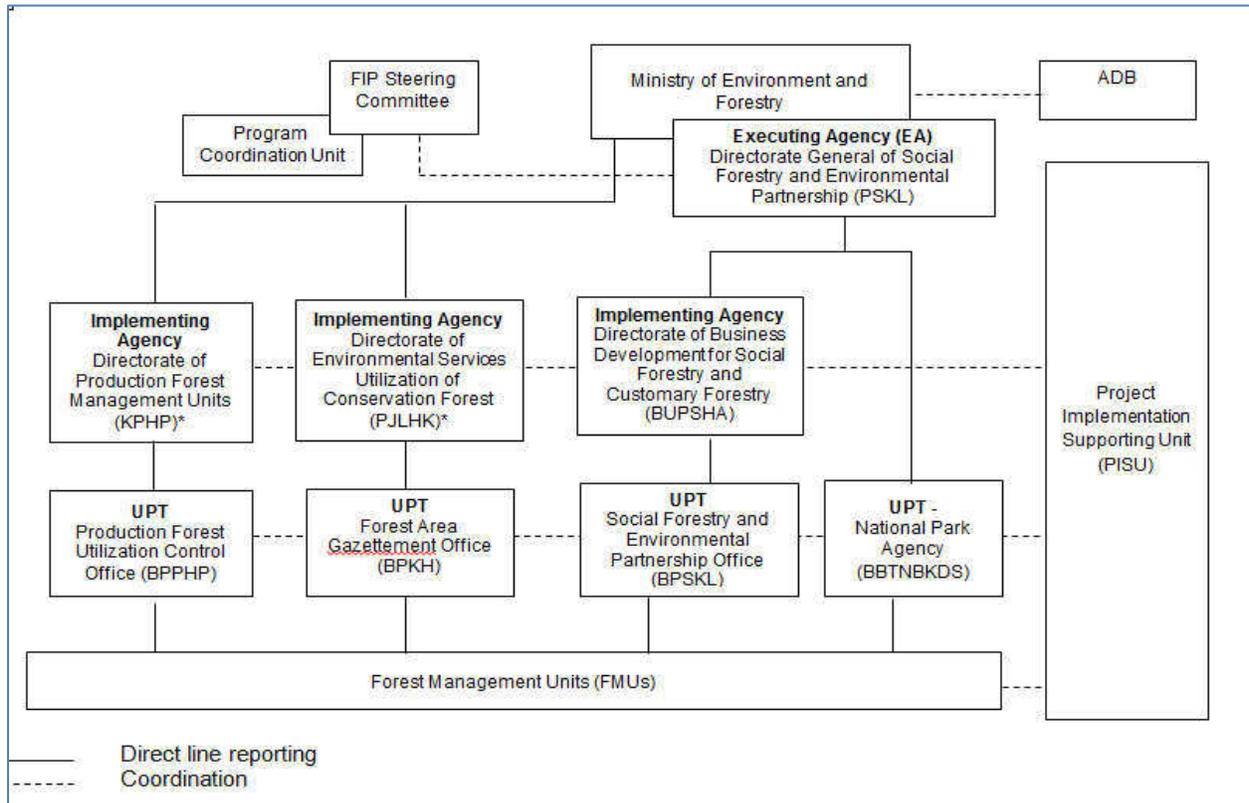
Environment, Natural Resources and Agriculture Division, Southeast Asia Department

Dr. Jiangfeng Zhang  
Position: Director  
Telephone: +63 2 632 6234  
Email: [jzhang@adb.org](mailto:jzhang@adb.org)  
Office Address: 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila Philippines

Mission Leader

Dr. Ancha Srinivasan  
 Position: Principal Climate Change Specialist  
 Telephone: [+63 2 632 4786](tel:+6326324786)  
 Email: [asrinivasan@adb.org](mailto:asrinivasan@adb.org)  
 Office Address: 6 ADB Avenue, Mandaluyong City, 1550  
 Metro Manila Philippines

**C. Project Organization Structure**



**BBTNBKDS** = Betung Kerihun and Danau Sentarum National Park Agency/Balai Besar Taman Nasional Betung Kerihundan Danau Sentarum; **BPKH** = Forest Area Gazettement Agency/Balai Pemantapan Kawasan Hutan; **BPPHP** = Production Forest Utilization and Monitoring Agency/Balai Pemantauan Pemanfaatan Hutan Produksi; **BPSKL** = Social Forestry and Environmental Partnership Agency/Balai Perhutanan Sosial dan Kemitraan Lingkungan; **BUPSHA** = Bina Usaha Perhutanan Sosial dan Hutan Adat; **FIP** = forest investment program being administered with World Bank and IFC; **KPHP** = Directorate of Production Forest Management Unit/Direktorat Kesatuan Pengelolaan Hutan Produksi; **PSKL** = Direktorat Jenderal Perhutanan Sosial dan Kemitraan Lingkungan; **UPT** = technical implementation unit.

\* Under a different directorate general office under the MOEF.

Sources: ADB and GOI.

#### IV. COSTS AND FINANCING

##### A. Investment and Financing Plans

36. The project is estimated to cost \$18.7 million.

**Table 2: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Community-focused and gender-responsive REDD+ pilots	15.4
2. Provincial REDD+ strategy in West Kalimantan effectively implemented	1.0
3. Sub-national fiscal policies on REDD+ harmonized with national policies	1.1
<b>Subtotal (A)</b>	<b>17.5</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.2</b>
<b>Total (A+B)</b>	<b>18.7</b>

REDD+ = Reducing Emissions from Deforestation and Degradation, conservation, sustainable forest management and forest carbon stock improvement

<sup>a</sup> Includes taxes and duties of \$1.7 million to be financed from government resources through exemption.

<sup>b</sup> In mid-2016 prices.

<sup>c</sup> Physical contingencies computed at 10% for civil works; 3% for consulting services, and 8% for community driven development activities, training, surveys, and studies. Price contingencies computed at 1.5% on foreign exchange costs and 5.1% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Sources: Asian Development Bank and the Government's staff estimates.

37. SCF will provide a grant not exceeding the equivalent of \$17 million, to be administered by ADB. This grant will fund consulting services, vehicles, equipment, civil works, training, coordination and community livelihood activities. The government will cover taxes and duties through exemption.

**Table 3: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Strategic Climate Fund <sup>a</sup>	17.0	90.9
Government	1.7	9.1
<b>Total</b>	<b>18.7</b>	<b>100.0</b>

<sup>a</sup> Under the Forest Investment Program financed by the Strategic Climate Fund. Administered by the Asian Development Bank.

Source: ADB estimates.

**B. Detailed Cost Estimates by Expenditure Category**

Item	USD Million	Rp Billion	% Total
<b>Base cost*</b>			
1 Consulting Service	3.42	40.70	18.3
2 Civil works	3.47	41.33	18.6
3 Vehicles, furniture and Equipment	1.69	20.09	9.0
4 Goods, Services, Materials	6.67	79.43	35.7
5 Workshop, Seminar, Training, Demos, Studies	2.08	24.70	11.1
6 Incremental Operational and Management Cost	0.26	3.10	1.4
<b>Total Base Cost</b>	<b>17.59</b>	<b>209.35</b>	<b>94.1%</b>
Physical Contingencies	0.85	10.11	4.5
Price Contingencies	0.26	3.07	1.4
<b>Total Project Cost be Finance</b>	<b>18.70</b>	<b>222.52</b>	<b>100%</b>

\* Taxes and duties to be financed from government resources through exemption.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

**C. Allocation and Withdrawal of Grant Proceeds (\$ Million)**

CATEGORY	Total Amount Allocated	Percentage and Basis for Withdrawal from the Grant Account
Works, Goods and Consulting Service	17.00	100% of Total Expenditure claimed
<b>Total Project Cost be Finance</b>	<b>17.00</b>	

Source: ADB estimates.

**D. Detailed Cost Estimates by Financier (\$ Million)**

Item	ADB	%	GOI	%	Total	%
<b>A. Base Cost</b>						
1 Consulting Service	3.11	90.9	0.31	9.1	3.42	18.3
2 Civil works	3.16	90.9	0.32	9.1	3.47	18.6
3 Vehicles, furniture and Equipment	1.53	90.9	0.15	9.1	1.69	9.0
4 Goods, Services, Materials	6.07	90.9	0.61	9.1	6.67	35.7
5 Workshop, Seminar, Training, Demos, studies	1.96	94.4	0.12	5.6	2.08	11.1
6 Incremental Operational and Management Cost	0.16	63.0	0.10	37.0	0.26	1.4
<b>Total Base Cost</b>	<b>15.99</b>		<b>1.60</b>		<b>17.59</b>	<b>94</b>
<b>B. Physical Contingencies</b>	<b>0.77</b>	<b>90.9</b>	<b>0.08</b>	<b>9.1</b>	<b>0.85</b>	<b>4.5</b>
<b>C. Price Contingencies</b>	<b>0.23</b>	<b>90.9</b>	<b>0.02</b>	<b>9.1</b>	<b>0.26</b>	<b>1.4</b>
<b>Total Project Cost to be Financed</b>	<b>17.00</b>	<b>90.9</b>	<b>1.70</b>	<b>9.1</b>	<b>18.70</b>	<b>100.0</b>

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates.

**E. Detailed Cost Estimates by Outputs (\$ Million)**

Item	Output 1	Output 2	Output 3	Total
Base cost*				
1 Consulting Service	1.67	0.75	1.00	3.42
2 Civil works	3.47	0.00	0.00	3.47
3 Vehicles, furniture and Equipment	1.67	0.01	0.01	1.69
4 Goods, Services, Materials	6.67	0.00	0.00	6.67
5 Workshop, Seminar, Training, Demos, studies	1.77	0.22	0.09	2.08
6 Incremental Operational and Management Cost	0.16	0.05	0.05	0.26
<b>Total Base Cost</b>	<b>15.41</b>	<b>1.04</b>	<b>1.15</b>	<b>17.59</b>
Physical Contingencies	0.17	0.30	0.38	0.85
Price Contingencies	0.04	0.06	0.15	0.26
<b>Total Project Cost to be Financed</b>	<b>15.61</b>	<b>1.40</b>	<b>1.68</b>	<b>18.70</b>

\* Taxes and duties to be financed from government resources through exemption.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates

**F. Detailed Cost Estimates by Year (\$ Million)**

	2017	2018	2019	2020	2021	Total <sup>a</sup>
<b>Base Cost<sup>b</sup></b>						
1 Consulting Service	0.60	0.75	0.74	0.75	0.58	3.42
2 Civil works	0.11	0.52	1.75	1.09	0.00	3.47
3 Vehicles, furniture and Equipment	0.15	0.26	0.40	0.46	0.42	1.69
4 Goods, Services, Materials	0.56	2.62	1.72	1.51	0.26	6.67
5 Workshop, Seminar, Training, Demos, studies	0.24	0.76	0.57	0.34	0.17	2.08
6 Incremental Operational and Management Cost	0.04	0.07	0.07	0.05	0.02	0.26
<b>Total Base Costs</b>	<b>1.71</b>	<b>4.99</b>	<b>5.24</b>	<b>4.20</b>	<b>1.45</b>	<b>17.59</b>
Physical Contingencies <sup>c</sup>	0.08	0.24	0.25	0.20	0.07	0.85
Price Contingencies <sup>d</sup>	0.03	0.07	0.08	0.06	0.02	0.26
<b>Total Project Cost be Finance *</b>	<b>1.82</b>	<b>5.30</b>	<b>5.57</b>	<b>4.47</b>	<b>1.54</b>	<b>18.70</b>

<sup>a</sup> Includes taxes and duties of \$1.7 million to be financed from government resources through tax exemption.

<sup>b</sup> In mid-2016 prices.

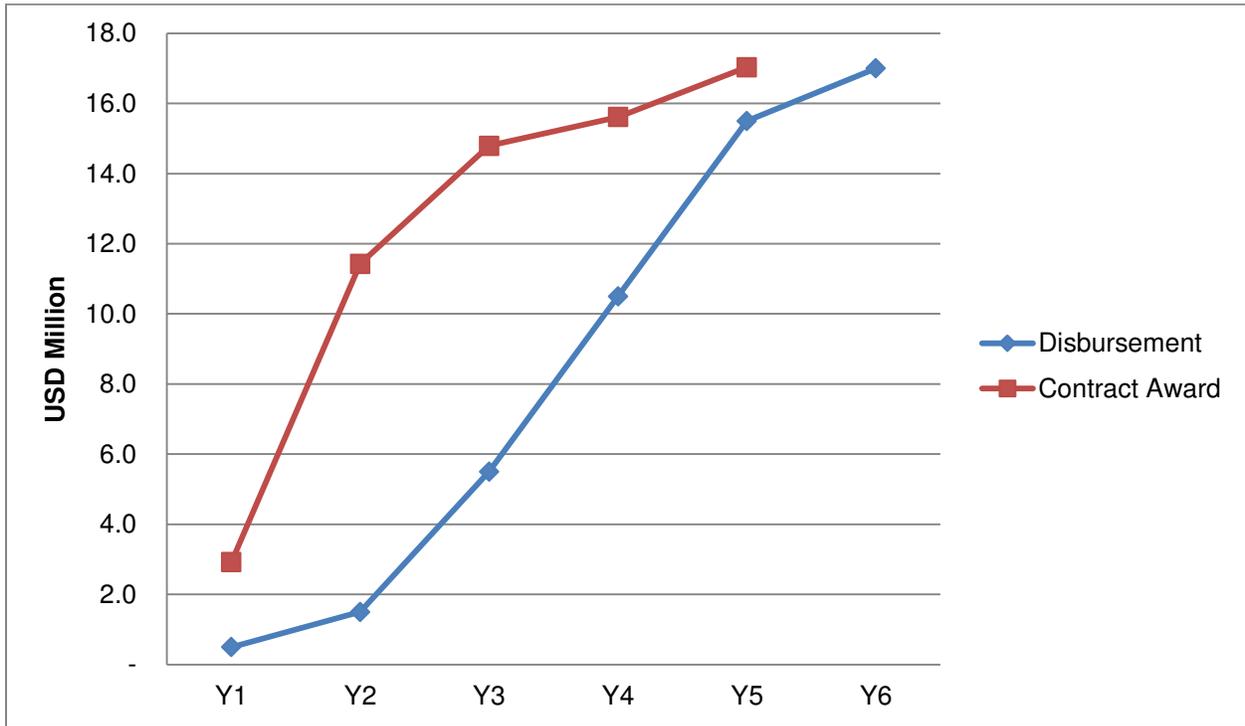
<sup>c</sup> Physical contingencies computed at 10% for civil works; 3% for consulting services, and 8% for community driven development activities, training, surveys, and studies.

<sup>d</sup> Price contingencies computed at 1.5% on foreign exchange costs and 5.1% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

\* Numbers may not sum precisely because of rounding.

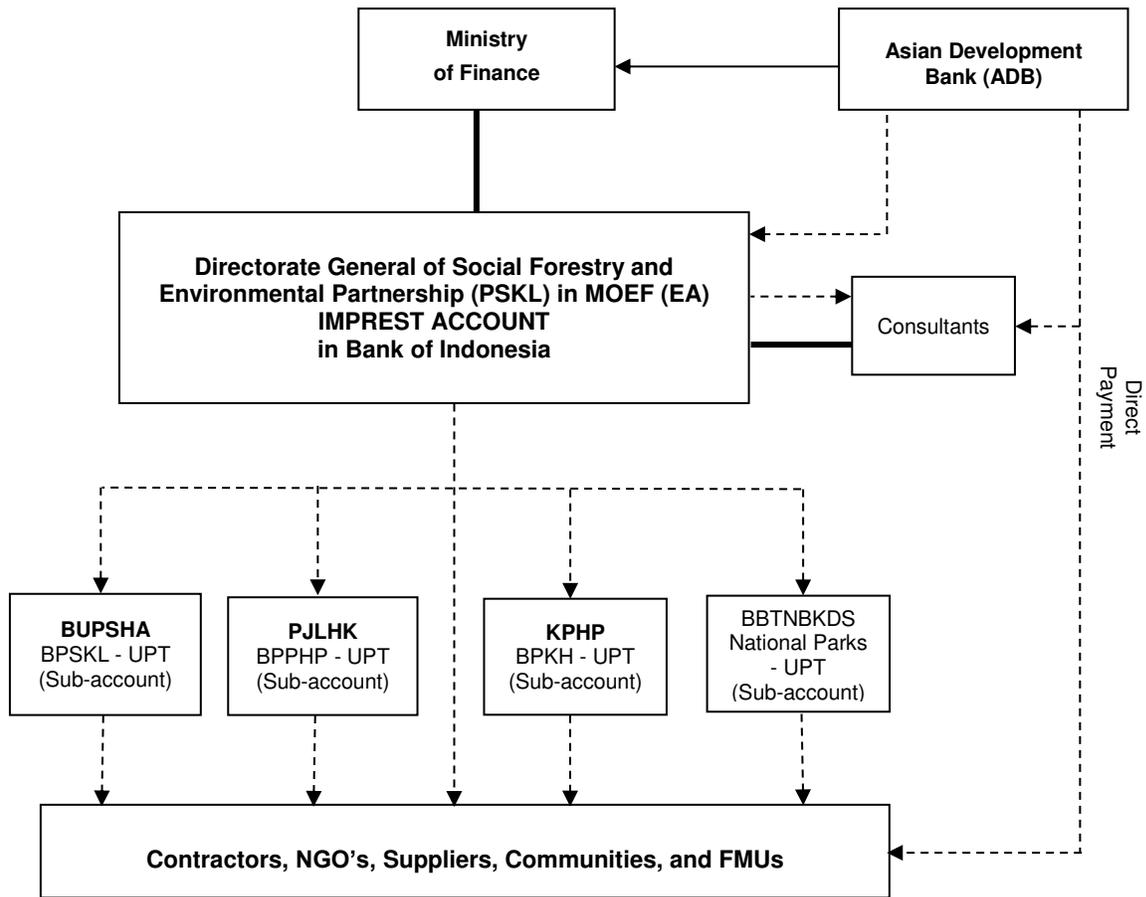
Source: ADB estimates.

**G. Contract and Disbursement S-Curve**



	Contract Awards					Disbursement				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Year 1	-	2.90	-	-	2.90	-	-	0.50	-	0.50
Year 2	1.00	2.00	2.50	3.00	8.50	-	0.25	0.25	0.50	1.00
Year 3	-	-	1.70	1.70	3.40	1.00	1.00	1.00	1.00	4.00
Year 4	0.20	0.20	0.20	0.20	0.80	1.00	1.00	1.00	2.00	5.00
Year 5	0.25	0.25	0.40	0.50	1.40	1.00	1.00	1.00	2.00	5.00
Year 6					-	0.50	0.50	0.50	-	1.50

**H. Fund Flow Diagram**



Legend:   
 —————> Coordination and/or administration   
 - - - - -> Flow of funds (Grant proceeds)   
 —————> Grant agreement

**BBTNBKDS** = BetungKerihun and DanauSentarum National Park Agency/Balai Besar Taman Nasional Betung Kerihundan Danau Sentarum; **BPKH** = Forest Area Gazettement Agency/Balai Pemantapan Kawasan Hutan; **BPPHP** = Production Forest Utilization and Monitoring Agency/Balai Pemantauan Pemanfaatan Hutan Produksi; **BPSKL** = Social Forestry and Environmental Partnership Agency/Balai Perhutanan Sosial dan Kemitraan Lingkungan; **BUPSHA** = BinaUsaha Perhutanan Sosial dan Hutan Adat; **FMU** = forest management unit; **KPHP** = Directorate of Production Forest Management Unit/Direktorat Kesatuan Pengelolaan Hutan Produksi; **NGO** = non-government organization; **PJLHK** = Environmental Services Management of Conservation Forest/Pemanfaatan Jasa Lingkungan Hutan Konservasi; **UPT** = technical implementation unit.   
 Sources: ADB and GOI.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

38. A financial management assessment (FMA) was undertaken in accordance with ADB's Guidelines for the *Financial Management and Analysis of Projects* and the *Financial Due Diligence: a Methodology Note* and risk mitigation actions have been identified. The FMA report incorporates the Financial Management Internal Control and Risk Management Assessment required by the Guidelines.

39. The FMA determined the robustness of the accounting, financial controls and internal audit arrangements, and the capability of the EA and IAs to meet all the fiduciary requirements set out in the grant agreement and other project documents. The assessments indicate that as a whole, the prevailing government financial, accounting, and auditing rules and systems meet the generally acceptable international accounting and auditing standards. The government has adequate internal control systems and financial reporting arrangements. It is important to note that the merger of the Ministries of Environment and the Ministry of Forestry into a single ministry have increased the number of staff familiar with ADB procedures in both EA and IAs.

40. Overall, the FMA is rated as "moderate" and is expected to become "low" with mitigating measures. The environment for public financial management is generally satisfactory largely due to the standardized policies and guidelines which are generally implemented for all externally financed projects and programs. The FMA concluded that EA and IAs have sufficient capacity to properly administer the imprest account and sub-accounts. Training on ADB's disbursement procedures and advanced financial management will be conducted to ensure successful implementation of the project. The financial management specialist of PISU will support the administration of the procedures until sufficient capacity exists in the IAs. The key risks, activities to be undertaken at project start-up to mitigate risks, and responsibilities to address these risks are summarized in the Table 4 below.

**Table 4: FMA Risks and Mitigation Actions**

Key Risks	Risk Assessment	Mitigation Actions	Responsibility
Country level weaknesses identified by the PEFA Report such as the PFM program on accrual-based accounting which may impact the preparation of financial management reports.	Moderate	Strengthening of EA and IAs capacity in preparing the financial management report will be provided through the project management consultant and ADB resident mission specialist in coordination with MOF.	EA/IA together with ADB resident mission specialist.
With the recent merger of the Ministry of Environment and Ministry of Forestry, there is unclear delineation of tasks which would provide clear accountability for the project and a few positions for FM are yet to be identified	Moderate	Update the organizational structure of the EA, IAs, and other implementing units and TOR with clear delineation of tasks for the project.	EA/IA/ADB
Inadequate capacity, weak coordination among audit institutions and lack of uniform audit-planning framework	Moderate	Discuss with <i>Badan Pemeriksa Keuangan</i> (BPK) and finalize the TOR for the external audit; discuss and agree with BPKP and IG the scope of the internal audit; in coordination with BPK and IG, work closely with EA/IAs to improve the internal control system specific for the project and engage financial management consultants and provide guidance to improve project staff capacity	EA, IA, together with ADB project officer

Key Risks	Risk Assessment	Mitigation Actions	Responsibility
Limited experience in ADB-funded projects	Moderate	Training programs on financial management, disbursement, procurement and reporting will be provided to EA and IAs through the PISU and ADB resident mission specialist. Compliance with financial covenants will be monitored	EA/IA/ADB

ADB = Asian Development Bank, DP = development partners, EA = executing agency, FMA = Financial Management Assessment, FMIS = FM information system, MOF = Ministry of Finance, PFM = public financial management, PISU = project implementation supporting unit, SNA = sub-national authorities  
Source: ADB

## B. Disbursement

41. The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time),<sup>12</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available at [http://wpqr44.adb.org/disbursement\\_elearning](http://wpqr44.adb.org/disbursement_elearning). Project staffs are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

42. **Imprest fund procedure.** Immediately after the grant is declared effective, the government will open an imprest account in US Dollars, in the name of MOEF at the Bank Indonesia, the central bank. ADB will channel the grant fund to the imprest account which is to be used exclusively for ADB's share of eligible expenditures. The government may request for initial and additional advances<sup>13</sup> to the imprest account based on its estimate of ADB's share of eligible project expenditures for the forthcoming six (6) months which are to be paid through the imprest account. The total outstanding advance, in any event, should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming six months.

43. In addition, four separate sub-accounts will be established and managed by each UPT (BUPSHA, PHLK, KPHP and BBTNBKDS) for each funding source. The funds for sub-accounts are requested directly from MOEF and will be used to provide cash resources to meet operations of the UPTs and other provincial training initiatives and are relatively small. The MOEF is accountable and responsible for proper use of advances to the imprest account including advances to the sub-accounts.

44. Before the submission of the first withdrawal application, the government should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is US\$100,000 equivalent. Individual payments below this amount should be paid: (i) by the EA/IA and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure, unless otherwise accepted by ADB.

45. **Statement of expenditures (SOE) procedure.**<sup>14</sup> The SOE procedure may be used to reimburse, replenish, and liquidate eligible expenditures to the imprest account. The ceiling of the SOE procedure is equivalent of \$100,000 per individual payment. Supporting documents and

<sup>12</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>13</sup> Both initial and additional advances are to be accompanied by an Estimate of Expenditure Sheet (form may be found in <https://ffis.adb.org/gfis/download.jsp>).

<sup>14</sup> The SOE procedure is a simplified documentation procedure requiring no submission of supporting documentation of expenditures (such as invoices, bills, and receipts).

records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

### **C. Accounting**

46. MOEF will maintain separate project accounts and records by funding source for all expenditures incurred on the project. MOEF will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

### **D. Auditing and Public Disclosure**

47. MOEF will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and with the government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six (6) months from the end of the fiscal year by MOEF

48. MOEF will engage the *Badan Pemeriksa Keuangan* (BPK), the Indonesian Supreme Audit Institution (SAI), to audit the consolidated project financial statements annually. BPK will allocate adequate budget to properly audit the project. The draft terms of reference of the BPK will be discussed and once approved by BPK, MOF and ADB it will be used for this project.

49. The annual audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the grant were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

50. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

51. The government, MOEF and IAs have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>15</sup> ADB reserves the right to require a change in the auditor (in a manner

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<sup>15</sup> ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the EA advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest account, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement and issuance of new commitment letters. ADB will (i) inform the EA of ADB's actions; and (ii) advise that the grant may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the grant.

consistent with the constitution of the recipient), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

52. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy (2011).<sup>16</sup> After review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements within 30 days of the date of their receipt by posting them on ADB's website. The audit management letter will not be disclosed.

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<sup>16</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

## VI. PROCUREMENT AND CONSULTING SERVICES

53. A Project Procurement Risk Assessment was prepared in accordance with ADB's "Guide on Assessing Procurement Risks and Determining Project Procurement Classification."<sup>17</sup> The overall procurement classification for the project for the different entities involved is presented in Table 5. The general recommendation is to provide practical training to procurement service unit (PSU/ULP) staff not only from regulation aspect, but also from practical procurement skill aspect, and improving their English proficiency.

**Table 5: Procurement Assessment for the Different Entities Involved**

Indicators	PSU MOEF	PSU Kalimantan	PSU Kapuas Hulu	PSU Sintang
Organization and staff capacity	Low	High	Low	Low to moderate
Information management	Low	High	Moderate	Moderate
Procurement practices	Low	High	Low to moderate	Low to moderate
Effectiveness	Low	Moderate	Low	Low
Accountability measures	Moderate	Moderate to substantial	Moderate to substantial	Moderate to substantial
Overall rating	Low	Substantial to high	Moderate	Moderate

### A. Advance Contracting

54. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (2015, as amended from time to time)<sup>18</sup> and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).<sup>19</sup> The issuance of invitations to bid, advertisement, bidding documents and bid evaluation, and recommendation of contract award under advance contracting will be subject to ADB's approval. The recipient, MOEF, BUPSHA, PHLK, and KPHP have been advised that approval of advance contracting does not commit ADB to financing the project.

55. **Recruitment.** ADB will assist the EA in recruiting the PISU consultants in accordance with the ADB's *Guidelines on the Use of Consultants*. The EA retains the responsibility for negotiating and signing the contract with the consulting firm, issuing the notice to proceed and supervising the consultant's services.

### B. Procurement of Goods, Works, and Consulting Services

56. All procurement will be undertaken in accordance with ADB's *Procurement Guidelines* (2015, as amended from time to time).

57. Before the start of any procurement ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's *Procurement Guidelines*. Under the project, goods will be procured through national competitive bidding (NCB) procedures acceptable to ADB for packages up to less than \$5,000,000 equivalent. For packages of \$100,000 equivalent or less, shopping method may be used. For goods of \$3,000 or less, direct contracting may be used. All consulting services recruitment notice (CSRN) must be posted in the ADB consultant management system (CMS) and the EA and IAs must

<sup>17</sup> ADB. 2014. *Guide on Assessing Procurement Risks and Determining Project Procurement Classification*. Manila.

<sup>18</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>19</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

ensure that all expression of interest are received through CMS and evaluated accordingly. An initial 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines are in section C. The procurement plan will be updated annually.

## C. Procurement Plan

### 1. Basic Data

<b>Project Name:</b> Community-Focused Investments to Address Deforestation and Forest Degradation	
<b>Project Number:</b> 47084-002	<b>Approval Number:</b> G-XXXX
<b>Country:</b> Indonesia	<b>Executing Agency:</b> Ministry of Environment and Forestry
<b>Project Procurement Classification:</b> Category B	<b>Implementing Agency:</b> Directorate of Business Development for Social Forestry and Customary Forestry (BUPSHA) Directorate of Environmental Services Utilization of Conservation Forest (PJLHK); Directorate of Production Forest Management Unit (KPHP) Procurement Service Unit (PSU): (i) MOEF; (ii) West Kalimantan Province (Kalbar); (iii) Sintang; and (iv) Kapuas Hulu
<b>Project Procurement Risk:</b> Low	
<b>Project Financing Amount (in \$ million):</b> <b>ADB Financing:</b> <b>Cofinancing (ADB Administered):</b> US\$ 17.0 <b>Non-ADB Financing:</b> US\$ 1.7	<b>Project Closing Date:</b> 30 June 2022
<b>Date of First Procurement Plan:</b> 13 April 2016	<b>Date of this Procurement Plan:</b> 13 April 2016

### 2. Methods, Thresholds, Review and 18-Month Procurement Plan

#### a. Procurement and Consulting Methods and Thresholds

58. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
National Competitive Bidding for Goods	Between US\$ 100,001 and US\$ 5,000,000	PSU to procure all packages. Prior review for the first contract per district, subsequent contracts for post review.
National Competitive Bidding for Works	Between US\$ 100,001 and US\$ 10,000,000	
Shopping for Goods	Up to US\$ 100,000	Post review.
Shopping for Works	Up to US\$ 100,000	Post review.
Direct Contracting for Goods	Up to US\$ 3,000	The EA and IAs may purchase the items directly from suppliers, and in such cases, ADB should be satisfied that the price paid is reasonable.
Consulting Services		
Method	Comments	
Quality- and Cost-Based Selection for Consulting Firm	Prior review. Quality-cost ratio of 90:10 and full technical proposal.	
Individual Consultants Selection for Individual Consultants	In accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Per need basis, for technical experts to address gaps identified later in the project.	

### 3. Goods and Works Contracts Estimated to Cost \$1 Million or More

59. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
GDS-002a	Agroforestry in 5 villages in FMU Kapuas Hulu (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,785,000	NCB	Prior	1S1E	Q1 / 2017	Advance Contracting: N  Bidding Document: Goods
GDS-002b	Agroforestry in 4 villages in FMU Kapuas Hulu (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,441,000	NCB	Post	1S1E	Q1 / 2017	Advance Contracting: N  Bidding Document: Goods
GDS-003	Assisted Natural regeneration in FMU Kapuas Hulu (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,229,000	NCB	Post	1S1E	Q1 / 2017	Advance Contracting: N  Bidding Document: Goods
GDS-004	Livelihood activities in FMU Kapuas Hulu (including materials e.g. water facilities, road rehabilitation, micro-hydro and engagement of community for labor.)	1,415,000	NCB	Post	1S1E	Q1 / 2017	Advance Contracting: N  Bidding Document: Goods
GDS-005	Agroforestry, assisted natural regeneration and livelihood activities in FMU Block XXI (including materials e.g. water facilities, road rehabilitation, seeds, fertilizers)	1,069,000	NCB	Post	1S1E	Q3 / 2017	Advance Contracting: N  Bidding Document: Goods
GDS-006	Agroforestry and rubber cultivation in FMU Sintang (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,836,000	NCB	Prior	1S1E	Q1 / 2017	Advance Contracting: N  Bidding Document: Goods

#### 4. Consulting Services Contracts Estimated to Cost \$100,000 or More

60. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
CS-GMIC-01	Project Implementation Supporting Unit (PISU)	3,220,000	QCBS	Prior	Q4 / 2016	FTP	Assignment: International Quality-Cost Ratio: 90:10 Advance Contracting: Y Comments: Mostly national inputs.

#### 5. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

61. The following table lists smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works							
Package Number	General Description	Estimated Value	No. of Contracts	Procurement Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Comments
GDS-007	Agroforestry and livelihood activities in FMU - Natural Park BetungKerihun	713,000	1	NCB	Post	Q3 / 2017	Advanced Contracting: N Bidding Document: Goods
GDS-008	Livelihood activities in Sintang- e.g. water facilities, road rehabilitation, micro-hydro and engagement of community for labor.)	855,000	1	NCB	Post	Q1 / 2017	Advanced Contracting: N Bidding Document: Goods
KAL-GDS-002	Office equipment (including computer equipment, software, video conference, communication and maintenance service)	134,000	1	SHOPPING	Post	Q4 / 2016	Advanced Contracting: Y
KAL-GDS-003	Vehicles (cars, motorbikes and speedboats	288,000	3	SHOPPING	Post	Q1 / 2017	Advanced Contracting: N
KAL-GDS-004	GIS equipment, software and maintenance service	90,000	2	SHOPPING	Post	Q3 / 2017	Advanced Contracting: N

## 6. Indicative List of Packages Required Under the Project

62. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
KAL-GDS-001	Forest fire suppression equipment	1,330,000	1	NCB	Post	1S1E	Prequalification of Bidders: N  Bidding Document: Goods

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Type of Proposal	Comments
ICS	Individual Technical Experts	355,000	3	ICS	Prior	N/A	

## 7. National Competitive Bidding

### a. Regular and reference Documents

#### i. General

63. The procedures to be followed for national competitive bidding shall be those as set forth in Presidential Regulation No. 54/2010 of the Republic of Indonesia, dated 6 August 2010, as amended from time to time, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

### b. Procurement Procedures

#### i. Eligibility

64. The eligibility of bidders shall be as defined under section I of the ADB Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the Guidelines, as amended from time to time.

#### ii. Participation of Foreign Bidders and Joint Ventures

65. Foreign bidders shall be eligible to participate under the same conditions as national bidders regardless of the estimated value of the contract.

66. Foreign bidders shall not be asked or required to form joint ventures with, or be subcontractors to, national bidders in order to submit a bid and obtain a contract award.

#### iii. Preferences

67. No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.

#### **iv. Prequalification and Bidding Period**

68. The time allowed for the preparation and submission of prequalification documents and/or bids for large and/or complex contracts shall not be less than twenty-eight (28) days from the date of the last day of publication of the invitation to bid or the last day of availability of the bidding documents, whichever is later.

#### **c. Bidding Documents**

##### **i. Bid Evaluation**

69. No bid shall be rejected on the basis of a comparison with the owner's estimate or budget ceiling without ADB's prior concurrence.

##### **ii. Rejection of All Bids and Rebidding**

70. Bids shall not be rejected and new bids solicited in a rebidding without the ADB's prior concurrence.

##### **iii. ADB Policy Clauses**

71. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

72. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that the recipient shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question.

73. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices or any integrity violation in competing for, or in executing, ADB-financed contract.

#### **D. Consultant's Terms of Reference**

74. Consulting services will include: (i) project implementation supporting unit (PISU), and (ii) individuals. The PISU consultants will support EA and IAs in project implementation and strengthen technical and management capacities of the participating government agencies and local communities. The PISU will have technical specialists on REDD+ and SFM, safeguards, and administrative specialists. Individual consultants will be recruited to assist the FIP steering committee in coordination of all FIP projects in Indonesia.

75. The scope of work for PISU consultants will include but not be limited to the following:

- (i) Support EA and IAs to ensure that project implementation will fully comply with government's and ADB's policies and operational requirements in terms of procurement, supervision of civil works, disbursement, financial management, monitoring and evaluation, social and environmental safeguards policies, REDD+

- related technical guidance, poverty reduction, gender and development, social inclusion, and local community participation policies;
- (ii) Provide training for the EA, IAs, and UPTs on project implementation management to ensure that the project will be implemented in compliance ADB and government policies and procedures;
  - (iii) Provide general guidance, issue instructions to contractors and make locally appropriate decisions in consultation with the IAs;
  - (iv) Certify payment requests submitted by contractors;
  - (v) Report and advise the IAs and UPTs on work progress, quality control, and implementation issues;
  - (vi) Prepare and conduct capacity development programs for FMU, district, province and other staff on REDD+ issues;
  - (vii) Prepare and conduct awareness raising programs for local communities on REDD+ and FIP; and
  - (viii) Prepare or review, consolidate necessary progress and monitoring reports for submission to EA, ADB, and FIP committee.

76. The consultants are expected to be recruited for the entire duration of the project. A total of 1,605 person-months including 20 person-months of international experts and 1,585 person-months of national experts will be required. Output-based contracts will be used. Detailed Terms of Reference for experts are presented in Annex 5.

#### d. Summary of Consultant's Inputs

<b>Key Experts</b>	<b>Inputs (PM)</b>
International REDD+ and SFM Specialist	10
International REDD+ Economics and Fiscal Policy Specialist	5
International REDD+ Monitoring, Reporting and Verification (MRV) Specialist	5
National REDD+ Specialist and Team Leader	60
National SFM (Agroforestry and Assisted Natural Regeneration) Specialist	30
National REDD+ Economics and Fiscal Policy Specialist	30
National REDD+ MRV Specialist	30
National REDD+ Safeguards Information System Specialist	30
<b>Total Key Experts</b>	<b>200</b>
<b>Non-Key Experts (all Nationals)</b>	
National REDD+ Capacity Building Specialists (3 persons, 45 pm each)	135
National Land Use and Spatial Data Management Specialist	30
National Forest Fire Management Specialist	20
National FMU Business Development and Market Promotion Specialist	20
National Community Empowerment Specialist	30
National Monitoring and Evaluation Specialist	30
National Social Safeguards Specialists (2 persons, 30 pm each)	60
National Forest Conflict Management Specialist (2 persons, 20 pm each)	40
National Gender and Social Development Specialist (2 persons, 20 pm each)	40
National Environmental Safeguards Specialist	30
National Stakeholder Communication and Public Relations Specialist	30
National Procurement Specialists (2 persons, 20 months each)	40
National Financial Management and Administration Specialists (2 persons, 30 pm each)	60
National REDD+ Village Coordinators (2 persons, 60 pm each)	120
National REDD+ Village Facilitators (7 persons, 60 pm each)	420
National Project administration and accounting assistants (5 persons, 60 pm each)	300
<b>Total Non-Key Experts</b>	<b>1,405</b>
<b>TOTAL INPUTS</b>	<b>1,605</b>

77. **Individual consultants:** The consultants will be based at EA in Jakarta mainly to assist the FIP coordination and support the FIP Steering Committee for Indonesia in liaising with the Climate Investment Funds Administrative Unit. The consultants will be recruited as needed in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). The contract will be signed with the EA.

## VII. SAFEGUARDS

### A. Environment

78. The project is classified as category B for environment in accordance with the ADB's Safeguard Policy Statement (SPS) 2009.<sup>20</sup> ADB's category B requirements are equivalent to the government environmental guidelines for an environmental management and monitoring plan (UKL and UPL). An environmental assessment review framework (EARF) was prepared to identify possible adverse impacts of project activities and mitigation actions. The EARF also guide the environmental assessment process for this project, set up institutional arrangements in relation to environmental management and monitoring, and define environmental assessment requirements in accordance with the existing/applicable laws and regulations of the government and with ADB's environment policy and Environmental Assessment Guidelines. Sample initial environmental examinations for two villages (Bungan Jaya and Tanjung Sari) were prepared to provide prototype for screening and identifying typical impacts of potential interventions and will serve as a template for preparing the environmental management and monitoring plans under the project. Effective environmental monitoring at all stages of project implementation will be ensured.

79. The project is expected to achieve significant environmental benefits, including cumulative reduction of GHG emissions equivalent to 3.7 million tons of carbon dioxide equivalent, improved watersheds and increased biodiversity in the ecosystems of previously degraded and deforested areas. Positive activities include: (i) community-based forest management agreements that will secure the use of land to local communities and avoid the conversion of forest land to other uses, (ii) establishment of agroforestry systems and rubber plantation in degraded land<sup>21</sup> that will store carbon, (iii) assisted natural regeneration in degraded lands to sequester carbon, (iv) community-based forest management activities, and (v) implementation of livelihood activities such as beekeeping, fresh water fish culture, handicrafts production, and community-based ecotourism, that are expected to reduce pressure to the forest by providing alternative economic income to local communities. In addition, positive impacts are expected through strengthening capacity of district, provincial and national institutions for REDD+ implementation and by supporting harmonization of policies to facilitate REDD+ implementation.

80. Project activities identified in the EARF that may have an adverse environmental impact include the installation of micro-hydropower plants, rehabilitation of small roads (2km and 2m wide), use of fertilizer or pesticides in agroforestry and plantations and infrastructure for ecotourism that may potentially cause minimal disturbances to the environment, but can be easily mitigated with proper site selection, use of environment-friendly construction technology, use of best practices to minimize pollution during construction, and proper disposal of waste.

<sup>20</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

<sup>21</sup> In the context of REDD+, degraded land refers to areas with low carbon stocks. These areas typically have minimal tree cover and an absence of peat, so they do not contain or sequester as much carbon as natural forest do.

81. All project activities will be screened to ensure that none will have significant adverse impact on the environment. ADB procedures on the categorization of the project using the rapid environmental assessment (REA) will be maintained for screening and monitoring purposes. This is based on the most sensitive component, meaning that if one part of the project poses a potential for significant adverse environmental impact, that part would be excluded from the project to ensure category B for environment.

82. For activities identified as having potential negative environmental impact, an Environmental management and monitoring plan (UKL-UPL or SPPL) will be prepared following Indonesian regulations. This document will be submitted to ADB for approval in which case the UKL-UPL or SPPL will be considered as the IEE required by ADB. UKL-UPL or SPPL will be prepared during implementation as location of the activities will depend on community discussion once the project has started.

83. In selecting activities, it is recommended that the environmental criteria to be used for the initial screening include activities with which potential adverse environmental impacts are not significant so that it will not surpass environmental category B under ADB guidelines, or would require an Environmental Impact Assessment (AMDAL for its acronym in English) under the government's requirements.

84. The project will also not fund the following activities that would give rise to significant environmental impacts:

- (i) A large-scale agricultural activity,
- (ii) Design of land conversion to convert a forest into agricultural land,
- (iii) Agricultural programs that impact on population migration,
- (iv) Large-scale water drainage and irrigation projects,
- (v) Construction of water channels in marsh habitat or native forest,
- (vi) Large productive forest projects,
- (vii) Conversion of mountain forest areas for transfer of uses
- (viii) Commercial logging,
- (ix) Housing development,
- (x) Industrial plants and industrial estates, including expansion, rehabilitation or modification,
- (xi) Reclamation and new land development, and
- (xii) Manufacturing, transportation and uses of pesticides or other toxic materials.

## **B. Involuntary Resettlement**

85. The project is categorized as B for involuntary resettlement. Land acquisition is expected to be minor and no relocation will take place. Any potential category A, specifically those that result in relocation/physical displacement and/or lose 10% of their productive assets, will be excluded from the project. The project shall uphold legal provisions under the MOEF issuances of 2014, the Land Law of 2012 and all other government laws applicable to involuntary resettlement. Small-scale infrastructure investments will only be undertaken on the basis of demand from and an agreement with the beneficiaries.

86. The project aims at securing the use of land by MHA and local communities through the approval of community-based forest management plans. In addition, REDD+ pilot activities will provide alternative source of income to MHA and local communities. To address any involuntary resettlement triggers to be encountered during project implementation, a resettlement

framework was prepared in consultation with the FMUs, local governments in Kapuas Hulu and Sintang districts and MOEF to guide the preparation of resettlement plans, as needed. The framework includes institutional arrangements and mechanisms for disclosure, meaningful consultation and redress of grievances.

87. Based on field survey conducted in some villages of the districts included in the project, it was determined that negative impacts may result from the implementation of two (Outputs 1 and 2) out of three components of the project: (i) economic displacement or restriction to access among households traditionally utilizing the area and (ii) permanent and temporary losses of small areas of land due to rehabilitation/ construction works. The activities are unlikely to require land acquisition. No structure will be affected, and no relocation will take place. Annex 1 lists the anticipated involuntary resettlement of project activities and the suggested mitigation action.

88. Resettlement impacts will be minimized by ensuring the following: (i) improvement of small-scale infrastructure will be along existing rights of way or following existing alignments; (ii) the project will not finance any subproject with the ADB's category A<sup>22</sup> resettlement criteria; (iii) consultations during project implementation will involve local stakeholders proactively to ensure that all subprojects are with minimal or no land acquisition. Adequate resources (technical and financial) will be allocated to support the preparation, implementation, monitoring and reporting of IR impacts. Effective monitoring at all stages of project implementation will be ensured by submitting quarterly internal reports and semiannual external reports.

### **C. Indigenous Peoples**

89. The project is categorized as A, mainly from the point of significant positive impacts on MHA or customary communities through livelihood improvement activities and beneficiary measures. The concerns of MHAs on cultural integrity and livelihoods are built into the project design through a community-focused approach. Benefits to MHA communities include a secure use of land by the approval of community based forest management plans and diversification of economic activities. Along with positive benefits, adverse impacts were also identified through an initial impact assessment. Annex 2 presents the results of the impact assessment including mitigation actions.

90. An indigenous peoples planning framework was prepared in accordance with government laws and regulations and SPS 2009 to provide guidance on: (i) screening for the presence of MHAs and the project's impacts on them, (ii) preparing an indigenous peoples' plan for activities anticipated to have impacts on MHAs, and (iii) mitigating adverse impacts and enhancing positive impacts, and (iv) ensuring adequate grievance redress mechanism. The framework will ensure that project activities are implemented to foster full respect for MHA identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the MHA themselves. The project will exclude any subproject that would have any significant adverse impact on IP. The framework will enable MHA to (i) receive culturally appropriate social and economic benefits, (ii) participate actively in the project, and (iii) ensure that they do not suffer adverse impacts as a result of the project.<sup>23</sup> Adequate resources (technical and financial) will be allocated accordingly for preparation, implementation, monitoring and reporting of

<sup>22</sup> A proposed project is classified as category A if it is likely to have significant involuntary resettlement impacts. The involuntary resettlement impacts of an ADB-supported project are considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). The level of detail and comprehensiveness of the resettlement plan are commensurate with the significance of the potential impacts and risks.

<sup>23</sup> ADB-SPS 2009. Appendix 3.

indigenous peoples planning framework. The Indigenous Peoples' Plan shall (i) mitigate risks that MHAs may not be able to capture project benefits, (ii) improve their participation in sharing benefits, and (iii) address the possibility that effects may arise that may increase their vulnerability.

91. **Implementation arrangements for safeguards.** Pursuant to ADB's SPS 2009, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. Implementation arrangements and estimated costs of safeguards monitoring have been integrated into the overall arrangements and total project budget. Additional costs have been allocated for consultant interventions. The FMUs, with guidance from the IAs and support from the project implementation supporting unit's consultant team, will be responsible for monitoring the safeguards. The FMUs with assistance from environmental and social safeguards specialists will be responsible for monitoring the implementation of the UKL-UPL or SPPL, resettlement framework and indigenous peoples planning framework. Two national social safeguards specialists (60 person-months total), one environmental safeguards specialist (30 person months) and one REDD+ safeguards specialist (30 person months), together with other consultants such as conflict management specialist and community empowerment specialist, will support (i) assessment of safeguards related training needs, (ii) EMMP, RF and IPPF development for focal groups in each FMU, (iii) development of appropriate training materials, (iv) development of guidelines for effective implementation and monitoring of social and environmental safeguards, and (v) the establishment of safeguards-related indicators for project performance monitoring and evaluation. FMUs, with assistance from PISU, will incorporate safeguards monitoring in their progress reports to the government and ADB.

92. **Budget for safeguards.** Safeguards-related capacity building activities will be financed mainly through the output 1, and partly through output 2, and are intended to: (i) help ensure that project implementation will fully comply with government's and ADB's safeguards policies and operational requirements; (ii) improve forest management in a way that community interests and rights are safeguarded; and (iii) help local communities increase awareness of REDD+ and sustainable forest management. The safeguards consultants will be funded through the project consulting services budget.

## VIII. GENDER AND SOCIAL DIMENSIONS

93. A poverty and social assessment (PSA) report was prepared for the project to identify key social issues and how to address them. Information collected effectively contributed to the project design, ensuring social inclusion of the poor and economically vulnerable as well as supporting the need for measures to address impacts of climate change on forest communities. A gender action plan (GAP), stakeholder consultation and participation plan (SCPP) and stakeholder communication strategy (SCS) were prepared, and input was provided into the summary poverty reduction and social strategy (SPRSS). The SCPP incorporates participation modalities from central level government institutions, executing/implementing agencies, international and national NGOs, research institutions active in the project areas, media, community organizations as well as the private sector.

94. From the analysis conducted, the project is classified as General Intervention (GI). The project will benefit at least 10,000 persons in 17 villages, with 2,000 households increasing their income by participating directly in afforestation and other livelihood activities. The project will contribute to poverty reduction efforts of the government by providing income-generating activities and alternative livelihoods to poor communities, which, in turn, decrease pressure on

the forests. At the same time, by protecting forests, communities can turn to forest resources to supplement their incomes and enhance their adaptive capacity. Small-scale rural infrastructure provided by the project is expected to improve their access to basic services and amenities. In addition, downstream communities are expected to benefit from enhanced ecosystem services generated through the actions of the direct beneficiaries. The project's institutional and capacity-building interventions are expected to generate significant social benefits to communities, local governments, and private and non-government organizations; however, these benefits are not readily quantifiable. As the project is community-focused, participation and engagement of the poor, local communities, civil society organizations, and other stakeholders is emphasized. During project implementation, a social/community development specialist will be hired as part of the PISU to look into poverty and social issues, and to integrate social dimensions into project operations and monitoring systems. A counterpart staff from the government will also be appointed to ensure that project implementation involves the poor and that project benefits accrue to the poor. Indicators to measure increases in income and the sustainability of community-based interventions are included in the DMF.

95. The project is categorized as Effective Gender Mainstreaming (EGM). The GAP focuses on increasing women's participation in decision making on natural resource management at all levels of governance and service provision through participation in capacity building plans and training sessions. The GAP is also designed to improve access to services which will result in decreased time and effort for performing their duties. The GAP is presented in Table 6.

96. **GAP implementation arrangements.** Implementation arrangements and estimated costs have been integrated into the overall arrangements and total project budget. Additional costs have been allocated for consultant interventions. The FMUs, with guidance from gender focal points in each of three IAs and support from the PISU consultant team, will be responsible for implementing the GAP. The FMUs, with assistance from the gender specialists from PISU will be responsible for monitoring the implementation of the GAP. Two national gender specialists (40 person-months total) supported by one national community empowerment specialist (30 person months) and two conflict management specialist (40 person-months total), together with other environmental and social safeguards consultants, will support (i) gender and development training needs assessments, (ii) gender plan development for each FMU, (iii) development of appropriate training materials, (iv) development of guidelines for the establishment of sex-disaggregated indicators for project performance monitoring and evaluation, and (v) the promotion of gender equality in SFM and REDD+ initiatives. FMUs, with support from PISU, will incorporate GAP monitoring in their progress reports to the government and ADB.

97. **GAP budget.** Capacity building activities will be financed through the output 1 and are intended to: (i) help ensure that project implementation will fully comply with the government's and ADB's policies and operational requirements; (ii) improve forest management in a way that local women's interests and rights are safeguarded; and (iii) help local women increase awareness of REDD+ and sustainable forest management. The gender consultants will be funded through the project consulting services budget.

**Table 6: Gender Action Plan**

Output	GAP target
<b>1. Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts</b>	
1.1 Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established at provincial level is based on gender-disaggregated data/information.</li> <li>• Communication programs and materials include information on the role of women in forest management and REDD+ to increase gender awareness and design gender-sensitive<sup>a</sup> initiatives in the sector.</li> </ul>
1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES.	<ul style="list-style-type: none"> <li>• Women constitute at least 30% of the participants in workshops and study visits as well as REDD+ readiness and implementation activities.</li> <li>• Study visits for women to share and learn from similarly engaged women's community groups are designed and implemented.</li> <li>• Gender training programs include integration of gender analysis into REDD+ strategies, action plans and screening criteria.<sup>b</sup></li> </ul>
1.3 Formulate CBFM agreements with local communities, including women.	<ul style="list-style-type: none"> <li>• Women constitute at least 30% of the participants in consultation processes and in community forest management groups;</li> <li>• At least three women-only community forest management groups are established as pilots to support NTFP-based micro-enterprise development. Women are also trained to manage funds and have accounting literacy.</li> <li>• Consultations are conducted in locations and at times convenient for women</li> </ul>
1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development.	<ul style="list-style-type: none"> <li>• Separate assessments for women are conducted to identify women's priorities and needs for strengthening local organizational capacity.</li> <li>• Gender-sensitive training programs are developed and implemented with content based on men's and women's priorities and needs. Clear anticipated outcomes and indicators are developed to monitor and evaluate impact of training interventions.</li> <li>• 50% of beneficiaries in training programs on livelihood skills (including forest product utilization, value addition, enterprise development and marketing) are women.</li> <li>• FMU staff and village facilitators are trained on participatory and gender integrated planning.</li> <li>• At least 30% of newly recruited field facilitators, technical experts and participants in the capacity building activities targeted for FMU/district forestry agency staff are women.</li> </ul>
1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases.	<ul style="list-style-type: none"> <li>• Gender indicators are included in the safeguards information system.</li> </ul>
1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans.	<ul style="list-style-type: none"> <li>• 40% of newly recruited field facilitators and technical experts for FMU are women.</li> </ul>

Output	GAP target
	<ul style="list-style-type: none"> <li>• Minimum 30% of participants in the development of spatial and business development plans for FMUs are women.</li> </ul>
1.7 Support establishment of FMU “block 21” and prepare its long-term business plan.	<ul style="list-style-type: none"> <li>• Minimum 30% of community participants engaged in consultation processes in designing the FMU’s long-term plan are women;</li> <li>• A mechanism is established and implemented to ensure women’s inclusion in FMU governance.</li> </ul>
1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction.	<ul style="list-style-type: none"> <li>• Minimum 30% of participants for consultations on fund flow mechanism are women.</li> <li>• The fund flow mechanism demonstrates clear indicators and outcomes for gender mainstreaming.</li> </ul>
1.9 Implement REDD+ pilots <sup>2</sup> with local communities, including women, to generate income, enhance CO2 removals and reduce emissions.	<ul style="list-style-type: none"> <li>• 50% of beneficiaries in pilot programs on livelihood skills are women;</li> <li>• FMU staff members and village facilitators are trained on participatory and gender integrated planning;</li> <li>• At least three women’s groups are established to support NTFP based micro-enterprise development. Women are trained to manage funds and have accounting literacy;</li> <li>• Larger markets and access mechanisms are identified (e.g. these may include supply chains for hotels and resorts and other wholesalers interested in unique branding);</li> <li>• At least 30% women and youth (girls and boys) are engaged in the assessment, design and implementation of ecotourism programs. Moreover, gender-equitable benefit sharing mechanisms for ecotourism will be promoted.</li> </ul>
<b>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</b>	
2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination at the provincial level is based on sex-disaggregated data.</li> </ul>
2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations	<ul style="list-style-type: none"> <li>• At least 30% of the participants engaged in the consultation meetings to draft the regulations are women.</li> <li>• Gender expertise is included in the drafting of regulations with specific gender indicators.</li> <li>• At least 40% of participants in workshops and training programs are women.</li> </ul>
2.3 Establish a provincial monitoring system and safeguards information system for REDD+.	<ul style="list-style-type: none"> <li>• A concrete and locally relevant communication mechanism is established to ensure that the information on REDD+ monitoring system and REDD+ safeguards information system is easily accessible and comprehensible to women.</li> </ul>
2.4 Establish a grievance redress mechanism on tenure and REDD+ activities.	<ul style="list-style-type: none"> <li>• At least 30% of the participants in consultations for the development of a strategy for a grievance redress mechanism on tenure conflict and REDD+ are women and gender expertise is included in the development of the mechanism;</li> <li>• All research, data collection and reporting is disaggregated by sex.</li> </ul>

Output	GAP target
<b>3. Sub-national fiscal policies on REDD+ harmonized with national policies</b>	
3.1 Analyze fiscal policies on integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper.	<ul style="list-style-type: none"> <li>• Gender analysis is included in assessment of fiscal policies affecting REDD+ and SFM.</li> <li>• Arrangements for benefit sharing in REDD+ demonstrate clear indicators and outcomes for gender mainstreaming.</li> </ul>
3.2 Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established is based on sex-disaggregated data.</li> </ul>
3.3 Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization.	<ul style="list-style-type: none"> <li>• At least 30% of the participants in technical and policy dialogues at all levels are women.</li> <li>• Gender analysis is included in conducting the analysis on fiscal, monitoring and benefit sharing policies relevant to the forest industry</li> </ul>
3.4 Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.	<ul style="list-style-type: none"> <li>• All proposals developed for additional funding should include gender responsive initiatives with clear gender outcome indicators and relevant activities specifically targeted for women's groups.</li> </ul>

<sup>a</sup> "Gender-sensitive" refers to training materials that take into account both women's and men's interests and needs (based on their different roles and responsibilities), and that are presented in such a way that both women and men can understand the information being communicated and do not contain contents or images that reinforce gender stereotypes.

<sup>b</sup> "Screening criteria" refers to REDD+ and SFM projects seeking support such that one of the screening criteria include "analysis of gender and gender impacts".

ADB = Asian Development Bank; GAP = gender action plan; PCR = project completion report; PISU = project implementation supporting unit; SFM = sustainable forest management.



Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
2. Provincial REDD+ strategy in West Kalimantan effectively implemented.	By 2022: 2a. Three provincial regulations supporting REDD+ issued. (2016 baseline: N.A.) 2b. Grievance redress mechanism on tenure and REDD+ operationalized. (2016 baseline: N.A.) 2c. At least 50 staff (15 women) trained on REDD+ planning, implementation and communication. (2016 baseline: 5) 2d. Safeguards and community-based monitoring system for REDD+, including activity registry, established. (2016 baseline: N.A.)	2a-b. Provincial reports  2c-d. PPMS reports, provincial reports	Conflict of interest and lack of commitment to make necessary changes in policies and regulations.
3. Sub-national fiscal policies on REDD+ harmonized with national policies.	By 2022: 3a. Guidelines for integrating natural capital considerations into fiscal policies and incentive mechanisms drafted. (2016 baseline: N.A.) 3b. At least three sub-national policies (fiscal, benefit sharing and incentive mechanisms) harmonized with national policies. (2016 baseline: N.A.) 3c. At least three gender-responsive proposals for mobilizing sub-national REDD+ funding developed. (2016 baseline: N.A.)	3a-c. PPMS reports, MOEF reports	Conflict of interest and lack of commitment to make necessary changes in policies and regulations.

### Key Activities with Milestones

#### 1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented

- 1.1 Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure. (Q4, 2017)
- 1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES. (Q3, 2018) [G/CD]
- 1.3 Formulate CBFM agreements with local communities, including women. (Q3, 2018) [GE, G/CD]
- 1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development. (Q4, 2018) [G/CD, GE, PSD]
- 1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases. (Q3, 2019) [G/CD]
- 1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans. (Q3, 2019) [G/CD]
- 1.7 Support establishment of FMU "block XXI" and prepare its long-term business plan. (Q4, 2019)
- 1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction. (Q4, 2020) [G/CD]
- 1.9 Implement REDD+ pilots<sup>2</sup> with local communities, including women, to generate income and reduce emissions. (Q3, 2021) [PSD, GE]
- 1.10 Provide equipment and training for community-based forest fire management. (Q3, 2021)

#### 2. Provincial REDD+ strategy in West Kalimantan effectively implemented

- 2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure. (Q4, 2017)
- 2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations. (Q3, 2019) [G/CD]
- 2.3 Establish a provincial monitoring system and safeguards information system for REDD+. (Q4, 2019)
- 2.4 Establish a grievance redress mechanism on tenure and REDD+ activities. (Q3, 2019)

<p><b>3. Sub-national fiscal policies on REDD+ harmonized with national policies</b></p> <p>3.1 Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper. (Q3, 2017) [KS]</p> <p>3.2 Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure. (Q4, 2017)</p> <p>3.3 Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization. (Q2, 2018)</p> <p>3.4 Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project. (Q4, 2021) [G/CD].</p> <p><b>Project Management Activities</b></p> <p>A project performance management system established and operational (Q2, 2017). 200 staff from various levels (national, provincial and FMU) trained on project management (Q2, 2018).</p> <p><b>Inputs</b></p> <p>ADB: \$0.0 million</p> <p>Government: \$1.7 million</p> <p>Strategic Climate Fund: \$17.0 million (grant)</p> <p><b>Assumptions for Partner Financing</b></p> <p>Not Applicable</p>
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ADB = Asian Development Bank, BAPPENAS = Ministry of National Development Planning, CBFM = community-based forest management, CO<sub>2</sub>e = carbon-dioxide equivalent, FIP = Forest Investment Program, FMU = forest management unit, FPIC = free, prior and informed consent, G/CD = governance and capacity development, GE = gender equity, KS = knowledge solutions, MOEF = Ministry of Environment and Forestry, N.A. = not available, PES = payment for environmental services, PPMS = project performance monitoring system, Q = quarter, REDD+ = reducing emissions from deforestation and forest degradation.

<sup>1</sup> The local communities predominantly comprise Dayak and Melayu, in Indonesia known as *masyarakat hukum adat* (MHA) or *customary communities*.

<sup>2</sup> REDD+ pilots include forest-based activities (such as agroforestry systems, rubber plantations and assisted natural regeneration), other income generating activities (beekeeping, catfish culture, handicrafts, community-based ecotourism) and provisioning of training and small-scale infrastructure (such as rural road improvement, micro-hydro and solar panels).

\* REDD+ National Strategy, Indonesian REDD+ Task Force, Jakarta, Indonesia, June 2012

\*\* Indonesia Forest Investment Plan, document FIP/SC.9/6, Government of Indonesia, 2012.

\*\*\* Provincial Action Plan for Reducing GHG Emissions, Government of West Kalimantan, 2012.

Source: ADB

## B. Monitoring

### 1. Project Performance Monitoring

98. To monitor the project progress in achieving the planned outcome and outputs, the PISU will establish a project performance management system (PPMS) during the first quarter of project implementation. The PPMS will have flexibility to adopt remedial actions regarding project design, schedules, activities, and development impact. The PPMS will adopt the following agreed indicators based on targets described in the DMF: (i) physical progress of project implementation, (ii) results of REDD+ and SFM capacity development and policy analysis, and (iii) social and poverty development.

99. The monitoring and evaluation for the project will include: (i) quarterly reporting on progress of the DMF indicators to the ADB in a format consistent with ADB's project performance reporting system, including an update of indicators and key implementation issues and solutions; (ii) an annual report to the FIP sub-committee as indicated in FIP guidelines;

(iii) a mid-term and final report with evaluation on project implementation; and (iv) a report on financial realization appropriate to the government regulations.

100. At project inception, the FMUs, in consultation with the IAs and with support from PISU, will develop comprehensive PPMS procedures to systematically generate data on inputs and outputs, and the socioeconomic and environmental indicators to measure the project impact. The PPMS will include detailed definitions of impact, outcome and output indicators; procedures and schedules for data collection; and roles and responsibilities. Implementation of the PPMS will generate data systematically on project inputs, outputs and outcomes for each component, as well as on compliance, safeguard and social indicators.

101. The PISU will: (i) refine the PPMS framework, (ii) establish the baseline, (iii) confirm achievable targets and update DMF, (iv) finalize the monitoring, reporting and evaluation arrangements, and (v) establish data collection systems and reporting procedures no later than six months after project implementation begins. The IAs will report baseline and progress data at regular intervals. IAs, with support from PISU, will also be responsible for analyzing and consolidating the reported data, and for reporting the outcome to ADB through the quarterly progress reports and to the FIP PSC meetings held on an annual basis. The FIP PSC meetings will also be used to exchange information with other development partners active in REDD+ and SFM activities in Indonesia.

## **2. Compliance Monitoring**

102. ADB will undertake regular review missions to assess the status of compliance of the project and the EA with the grant covenants related to policy, legal, economic, financial, environmental, and institutional elements. Non-compliance issues identified during the ADB review missions will be specified in the quarterly progress reports together with the recommended course of action.

## **3. Safeguards Monitoring**

103. **Environment.** The IAs, assisted by PISU, will prepare and submit to EA semi-annual reports on the environmental parameters and any other environmental co-benefits identified during the course of implementation. The report will cover environment performance based on implementation of the environmental management and monitoring plans. The EA, through PISU, will be responsible for the consolidation and submission of the reports to ADB in accordance to the format and process described in the IEEs and EARF.

104. **Social safeguards.** The social safeguard specialists of PISU will monitor the implementation of resettlement framework and indigenous peoples planning frameworks, as per FIP, government and ADB guidelines. The project is not expected to cause any resettlement, but it will result in significant positive impacts on customary communities. The PISU, under the guidance of FMUs and IAs, will be responsible for preparation and reporting of social safeguards, as needed.

## **4. Gender and Social Dimensions Monitoring**

105. Monitoring of the implementation of the GAP will be undertaken by the IAs and FMUs, with support from PISU. Progress in the achievement of the outputs in the GAP will be the responsibility of the PISU gender specialists. The PISU will develop PPMS, establishing sex-disaggregated indicators for project performance, monitoring and evaluation. The PPMS will

include monitoring tools, reporting templates (including use of the ADB GAP progress report template) and output indicators, assisted by the consultants (national gender specialists). The IAs will submit periodic (minimum bi-annual) reports to the EAs and ADB using these tools, templates and indicators. The GAP budget will include the cost of monitoring and evaluation.

106. Monitoring of the pro-poor and social inclusion design measures, indicated in the SPRSS, Participation Plan, and Stakeholder Communication Strategy, will be the responsibility of the FMUs. Periodic activity reports will be submitted by the IAs and FMUs. The FMUs will be assisted by the PISU in devising the monitoring indicators and reporting templates in assessing progress of the social action plans.

### **C. Evaluation**

107. The implementation of the project will be jointly reviewed at least twice a year by the government and the ADB. The EA and IAs will review and evaluate project performance on a quarterly basis. The project review will cover: (i) the performance of the EAs, IAs, consultants, and contractors against project indicators; (ii) the scope, design and implementation arrangements of the project; (iii) identification of problems and necessary changes since the time of project appraisal; (iv) effectiveness of the REDD+ capacity development and training programs; (v) compliance with grant covenants; and (vi) assessment of project sustainability in terms of technical and financial aspects.

108. Aside from the regular joint project reviews, the government and ADB will conduct a comprehensive midterm review of project implementation after three years of operation. This is intended to identify key issues and constraints that hinder smooth project implementation and to come up with appropriate remedial courses of action.

109. Within six months of physical completion of the project, the EA will submit a project completion report to ADB.<sup>24</sup>

### **D. Reporting**

110. The EA will provide ADB with:

- (i) Quarterly progress reports in a format consistent with ADB's project performance reporting system (an outline of the progress report is in Annex 3);
- (ii) Consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months
- (iii) Annual report to the FIP sub-committee as per FIP guidelines<sup>25</sup>
- (iv) A mid-term report with the evaluation of the implementation of the project; and
- (v) A project completion report within six months of physical completion of the project.

<sup>24</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

<sup>25</sup> Forest Investment Program. 2014. FIP Monitoring and Reporting Toolkit.

## **E. Stakeholder Communication Strategy**

### **1. Consultation and Participation**

111. A consultation and participation plan was prepared in early phases of the project preparation to identify stakeholders at different levels: district, provincial and national. The plan includes stakeholder consultation and participation activities during project preparation and implementation with regard to the three outputs of the project (Annex 4).

112. The project design reflects discussions during three field visits with local stakeholders, including customary community members, FMU staff, local organizations and NGOs. In addition, field surveys have been conducted with potential beneficiaries to collect information on social structure and productive activities of households, and to identify REDD+ pilot activities to be implemented. A series of public consultations was organized to get comments from different stakeholders: an interim workshop at national level on 23 March 2015 in Jakarta and public consultations at a district level in Sintang and Kapuas Hulu on 6 and 7 April 2015 respectively and at a provincial level in Pontianak on 8 April 2015. In every meeting, comments from participants were recorded and incorporated in project design. Meetings were also held at the provincial level with the regional officials of MOEF. During project implementation, the PISU will ensure that project activities are implemented as per the project design and monitoring framework and stakeholder participation plan.

113. The participation of MHA and local communities is included in all activities of the project. Selection of beneficiaries of REDD+ pilots in the target villages will be done in agreement with village leaders and with effective and meaningful participation of community members. Similarly, the development of forest management plans will be community based and gender inclusive. Small infrastructure and service facilities will be provided on the basis of discussions and in agreement with community members.

### **2. Communication Strategy**

114. The preparation and adoption of a stakeholder communication strategy (SCS) is required by ADB to ensure inclusiveness, transparency, timeliness and the meaningful participation of stakeholders in the project.<sup>24</sup> The SCS essentially provides an agreed communication platform for all key stakeholders particularly between the project's affected groups and the EA, IAs, and ADB to ensure that the former's views and interests are fully integrated into the project design, implementation, and impacts. The SCS is also prepared to guide the project for ensuring effective communications that resonate with the target audience, to be delivered in multiple channels. The SCS contains three different communication strategies for: (i) general REDD+ awareness and technical issues, (ii) project design related responses (FIP project, FMU functions and related issues), and (iii) project implementation on the ground.

115. Key stakeholders, who are essential to be engaged to achieve the project objectives and lessen project specific risks, have been identified. Stakeholders include (i) government agencies responsible for the design, management, and implementation of the project (MOF, BAPPENAS, MOEF, provincial and district forest agencies, and FMUs); (ii) community organizations who assist with providing community-focused REDD+ and SFM interventions; (iv) customary communities; and (v) local media. The SCS serves to inform and support community development, enhance government agency capacity to manage project outcome, and enhance project benefits and mitigate negative impacts.

116. The SCS ensures that vulnerable groups, such as the poor, elderly, indigenous and customary communities, and women, who risk being marginalized, are provided with opportunities for communication and feedback during project design and implementation. In this way, the SCS serves to inform and support community-focused development, enhance government agency capacity to manage the project outcome, and enhance project benefits and minimize negative impacts. Similar to the participation plan (PP), the SCS builds on the data in the stakeholder analysis and summary of consultation and participation. It complements the PP to ensure effective participation of stakeholders in the project.

117. The SCS is designed to ensure (i) a regular flow of reliable project information, and (ii) inclusion of vulnerable groups in benefit distribution in project implementation. It complies with FIP guidelines and REDD+ safeguard principles from the Strategic Climate Fund, requiring clear language and details on the provision of benefits for indigenous people based on customary community law, strengthening multiple benefits and prohibition of the conversion of natural forests. The goal is to support efforts that aim to protect forest ecosystem services, build institutional capacity and promote biodiversity conservation. The strategy is to take a low-carbon direction that is also socially and economically empowering instead of just pursuing forest management with the singular goal of reducing GHG emissions. Further details of SCS are given in a linked document.

118. A communications strategy implementation matrix is in Table 7 below. For more details, please refer to the supporting document on communication strategy which is available on request.

**Table 7: Communication Strategy Implementation Matrix**

<b>Objective</b>	<b>Main Stakeholders</b>	<b>Means of Communication/Activities</b>
Communicate REDD+ intervention and development of activities on the ground	General target: Government opinion leaders, decision makers, media, civil society and affected people Specific Target: Pemda, Bappeda, Bupati, Governor, Dishut & Perkebunan  Community Leaders, Head of Religious, targeted community groups, local CSOs	Interactive dialogue, meetings, seminars, focus group discussions (FGDs), trainings Printed information such as posters, brochures, banners, comics with illustration and adopt local culture for distributions in the villages. Website social media, movie, radio/tv program Information in Bahasa and English
Build community-based forest management and adopted in FMU long-term management plan	Communities and FMU officers	Same as above.
Promote community production, ecotourism to increase local income and facilitate market link	Women's groups PKK	Same as above. Collaboration with national designers, food travel, adventure travel, sponsor a women's magazine journalist to the field, join craft exhibitions, link with work of UN bodies such as UNICEF, find broader market links. Create MOU for collaboration with cooperatives. Internet-based promotion.

## X. ANTICORRUPTION POLICY

119. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with MOEF. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>26</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-administered activity and may not be awarded any contracts under the project.

120. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the grant agreement and the bidding documents for the Project. The project design and implementation arrangements provide for mitigation of corruption risks. Risks associated with project management, including procurement and disbursement, will be mitigated by the engagement of PISU to advise and assist in the procurement of goods and services, and the engagement of other consultants. The project will also establish a website in which it will disclose implementation progress; bid notifications and their results; and provide grievance mechanism against any corrupt practice. References on ADB's Anticorruption Policy can be accessed through the following link: <http://www.adb.org/Integrity/>.

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<sup>26</sup>Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

## **XI. ACCOUNTABILITY MECHANISM**

121. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, they should approach the Accountability Mechanism.<sup>27</sup>

122. A grievance redress mechanism (GRM) is a systematic process to receive, evaluate, and address the project-related grievances of affected persons/groups. The EA will set up GRM at national level in consultation with relevant stakeholders within 6 months of grant effectiveness and post it publicly on the project website with outreach for all project areas. In addition, as part of the output 2 of the project, PISU will establish a GRM at provincial level focusing on tenure and REDD+ issues, six months of grant effectiveness. An information disclosure mechanism in Bahasa will also be in place at district level to ensure that the local communities in Kapuas Hulu and Sintang districts are aware of grievance mechanisms and their potential involvement and responsibilities in the project activities. The PISU will operationalize the GRM at various levels to receive and facilitate the resolution of concerns, complaints, and grievances (both safeguards related and non-safeguards related). Any complaint from community will be managed in accordance with the GRM. The project, with the assistance of the PISU, will work proactively to prevent issues from becoming grievances by ensuring that appropriate mitigation measures are correctly implemented by monitoring and conducting public consultation procedures.

### **A. Environment**

123. The intent of the GRM is to satisfactorily resolve complaints about the Project's environmental performance during the pre-construction, construction, operation, and maintenance phases. The GRM will (i) protect the basic rights and interests of every person affected in the case of poor environmental performance; and (ii) ensure that concerns arising from the poor environmental performance of the Project are effectively and timely addressed.

124. The MOEF, the PISU, and FMUs will make the public aware of the GRM through awareness campaigns, training, and capacity building. The PISU will nominate and train a staff to be the environmental Grievance Point Person. Any person who has complaints regarding the project's environmental performance (e.g., safety, environmental standards, criminal activity, and disturbance to plants/wildlife) during the pre-construction, construction, or operation phases will have access to the GRM.

### **B. Affected Persons (AP)**

125. The MOEF and IAs will ensure a culturally and gender-sensitive GRM to receive and address, in coordination with provincial authorities, project-related concerns and to resolve AP disputes that may arise during project implementation. It is anticipated that all grievances related to benefits and other assistance will be resolved at the PISU level.

126. For MHA or customary communities, GRM shall follow their internal mechanism (if any) or any mechanism provided by the local government based on request from community.

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<sup>27</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

Communities may raise their grievances to MOEF following the newly launched MOEF Decree No. 24/Menhut-II/2015 in January 2015 on the Establishment of Team for Addressing Environmental and Forestry-related Grievances. If there are any grievances related to the environment and forestry, the local community in the project area can raise their complaints to the Team. The community empowerment and safeguards specialists of the PISU will assist APs in registering their complaints with FMU, and in preparing specific grievances. The resettlement framework mentions two types of complaints that are specific in redress modalities: (i) compensation rates and (ii) other resettlement concerns.

**XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

127. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

### Annex 1: Lists of the Anticipated Involuntary Resettlement of Project Activities and the Suggested Mitigation Action

Project output / Type of subprojects	Anticipated IR impacts	Mitigating measure
<p><b>Output 1.</b> Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts.</p> <p>1.1 REDD+ pilots livelihood program implemented with local communities (including women) includes non-land based activities (including NTFPs) - beekeeping, fish culture, handicrafts, community based ecotourism, and land based activities including 1880 ha of: agroforestry systems (rubber-coffee and rubber-gaharu), and rubber plantation. The implementation of these activities will include training as required and the development of supporting facilities, which may include: micro-hydro and small-scaled village Infrastructure (including small roads rehabilitation (2km and 2m wide per village) and facilities for ecotourism).</p> <p>1.2. Development of spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans</p>	<ul style="list-style-type: none"> <li>• Permanent and temporary losses of small areas of land due to rehabilitation/ construction works may be unavoidable., In addition loss of crops and trees may occur, although not expected to cause severe impacts since rehabilitation works will be carried out within existing right-of-way or, if any ,additional land will be expected to be minor. Loss of structure is not expected.</li>   <li>• Economic displacement or restriction to access among households traditionally utilizing the area; affect access to land and forest resources;</li> <li>• Classification and zoning under spatial planning<sup>28</sup> may restrict access to areas and resources presently available to MHAs</li> </ul>	<ul style="list-style-type: none"> <li>• Secure broad community support/ FPIC. Village regulations and or customary regulations on the protection of customary and local community have to be crafted. Provide transformative perspective on social relations such as understanding the nature of collective work on shifting cultivation may be harnessed into cooperative movement.</li> <li>• Provide compensation for lost land and non-land asset loss through several options: <ul style="list-style-type: none"> <li>▪ Land replacement (arable land)</li> <li>▪ Cash compensation with the amount determined by the local government/village and participate in the livelihood program under output 1</li> </ul> </li> <li>• In case of voluntary donation, the APs will be provided with the participation of the land based livelihood program</li> <li>• KPH authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate meaningful and effective participation. Social preparation has to be considered and planned well with communities.</li> <li>• Providing alternative livelihood for household income design in close participation of communities</li> <li>• Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</li> </ul>

<sup>28</sup> A system and process of planning spatial layout, spatial use and spatial use control. Joint Regulation of Minister of Home Affairs, Minister of Forestry, Minister of Public Works And Head of National Land Agency on Procedure of Resolution of Land Tenurial Issues in Forest Areas, 2014.

Project output / Type of subprojects	Anticipated IR impacts	Mitigating measure
<p><b>Output 2.</b> Provincial REDD+ strategy in West Kalimantan effectively implemented</p> <p>2.1 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations.</p>	<ul style="list-style-type: none"> <li>• Economic displacement or restriction to access among households traditionally utilizing the area; access to land and forest resources affected;</li> </ul>	<ul style="list-style-type: none"> <li>• Forestry authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate meaningful and effective participation. Social preparation has to be considered and planned well with communities</li> <li>• Providing alternative livelihood for household income design in close participation of communities</li> <li>• Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</li> </ul>

### Annex 2: Results of the Impact Assessment and Mitigation Actions

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
<p>1. Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts</p> <p>REDD+ pilots focusing on forest livelihood options implemented with MHA and local communities, including women. Livelihood options include non-land based activities (including NTFPs) - beekeeping, fish culture, handicrafts, community based ecotourism, and land based activities including 1,880 ha of: agroforestry systems (rubber-coffee and rubber-gaharu), and rubber plantation. The implementation of these activities will include training as required and the development of supporting facilities, which may include: micro-hydro and small-scale village infrastructure (including small roads rehabilitation (2km and 2m wide per village) and facilities for ecotourism).</p>	<p>The project provides alternative livelihoods and households' income: added value from wet paddy field, rubber, honey and handcraft, including in processing and marketing.</p> <p>The project potentially endorse the change of status from illegal to legal of community existence in the FMU areas and improved capacity for sustainable forest management</p> <p>The development of the Project has the potential to improve existing social infrastructure and to increase access to towns. It is noted that the Project will involve the upgrade of 2km roads for participating villages. This will reduce current travel time to and from service centers (includes schools, markets and medical facilities) and reducing costs of transportation of goods as well as increasing business opportunities.</p> <p>The project will improve access to market, rural roads from farm to market and enhance required capacity of</p>	<p>Positive impact in economic gain might trigger undesired competing claims over resources addressed by project activities, such as competing claims over rubber agroforestry areas; claim over area for ecotourism development, etc.</p> <p>There might be potential impact to community culture/tradition and institutions due to development of ecotourism with outsiders coming and interact closely with community.</p> <p>New learnings especially conceptual ones (REDD+, GHG, etc.) may impact on worldviews: their connection to local culture and tradition related to social organization, natural resources management and ecosystem services</p> <p>It may affect their access to land and forests; while value added income generating activities results to raising income in terms of cash, it may lead to commercialization of cultural practices that affect social relationships and sense of collectivity in natural resources management.</p> <p>Encroachment of forest due to</p>	<p>Endorse clarity of tenure through participatory mapping to prevent conflicting claims over lands and forest, promoting CBFM as the main approach of the Project activities</p> <p>Secure consent through broad community support. Build consensus among community member on the clarity of claims over the area.</p> <p>Consultation and intensive discussion with community regarding potential change and or transformation they might be facing and build awareness among the MHA</p> <p>Conduct of meaningful consultation and participation and operationalize culturally appropriate communication strategies.</p> <p>Provide clear information on community culture/traditions, local institutions and their role for outsiders. Developing rules of the game for outsiders while being in and interacting with the communities.</p> <p>Impact on connection to culture and tradition will be addressed through well designed training</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
	<p>community to have access to market. It also has the potential to improve health conditions in the local area should electricity be provided to MHA and local communities. The provision of local electricity supply can decrease reliance on other energy resources, such as burning firewood, which can negatively impact on health, for example increasing the risks of respiratory diseases and high mortality/ morbidity rates, in poorly ventilated dwellings (ADB, 2012).</p> <p>FMU staff and MHA/ local communities will have enhanced understanding and capacity to be involved and participate in REDD+ readiness and implementation, FPIC procedures, conflict mediation, landscape management and payment for ecosystem services</p> <p>MHA communities will have the opportunity to participate in REDD+ pilots focusing on livelihood and will have capacity to develop value added non-timber forest products processes and showcase their culture</p>	<p>improved access to market and rehabilitation of rural roads..</p> <p>Social exclusion due to elite capture in the development of the Project, particularly when the Project started to provide benefits.</p> <p>These may however affect community traditions as regards the agricultural cycle from opening the forest to harvesting ceremonies.</p> <p>Economic displacement or restriction to access among households traditionally utilizing the area.</p> <p>Vulnerable groups which can include women, children, economically disadvantaged and MHA communities are typically less resilient to change, may be more vulnerable to project impacts and may also have limited opportunities to take advantage of the benefits of development.</p> <p>Permanent and temporary losses of small areas of land due to rehabilitation/ construction works may be unavoidable, in addition to loss of crops, trees and structures, may occur, although not expected to cause severe impacts since rehabilitation works will be carried out within existing</p>	<p>and workshop that provide transformative perspective on local culture to show its conformity with modern science and knowledge.</p> <p>Strengthening monitoring system of KPH with community participation and improve coordination between community institutions and KPH</p> <p>Revisit knowledge management initiatives for the project. There may be no need to force through some concepts. Rather, project implementers will have to base REDD+ concepts anchored on traditional forest management schemes and reinforce these.</p> <p>Appropriate livelihood replacement for lost areas whether in terms of new area for daily occupation or in terms of alternative economic activities</p> <p>The pricing policies of Project benefits, for example electricity supply has to ensure that distribution of Project benefits is equitable and considers the economic limitations of certain groups.</p> <p>KPH authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
	<p>through ecotourism which in turn can raise their income and connect them to markets.</p> <p>Activities on food production may prevent the community from opening up more forest areas for shifting cultivation. Communities are able to participate in sustainable food production management.</p> <p>Provision of electricity for communities which they can use to support domestic activities</p> <p>Provides opportunities for communities to participate and share access to benefits from forest management; with security of tenure.</p>	<p>right-of-way.</p> <p>Decrease in traditional community decision-making with respect to natural resource management. As a state-driven initiative, MHA communities will be subject to control through the FMU: plans will have to be in line with the FMU Long Term Management Plan.</p>	<p>meaningful and effective participation. Social preparation has to be considered and planned well with communities.</p>
<p>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</p> <p>Some activities include:</p> <p>(i) Province-wide workshops, exchange visits, and training programs conducted on REDD+ concepts, FMU business plan development, carbon accounting, and SFM guidelines</p> <p>(ii) Provincial strategy for tenure conflict management, including REDD+ data clearinghouse, safeguard information system and grievance and redress mechanism, developed</p>	<p>Strengthened capacity for preventing deforestation and forest degradation</p> <p>Tenure clarity</p> <p>Provides opportunities for communities to participate in alternative economic activities and get benefits from these activities, participate in policy collaboration and information dissemination</p>	<p>Potential restriction of access to forest and forest lands</p> <p>Classification and zoning under spatial planning may restrict access to areas and resources presently available to MHAs.</p> <p>As the project area is largely rural, agricultural based economy dependent on natural resources is likely to be high. The Project will have to consider the use of natural resources in the context of how the Project might increase competition and/or conflict over</p>	<p>Providing alternative livelihood for household income design in close participation of communities</p> <p>Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
<p>and implemented (iii) Multi-stakeholders consultations conducted to improve accountability&amp;ttransparency on Kapuas Hulu and Sintang districts land use planning, hence accelerating the process to legalize the spatial plan</p>		<p>natural resources, including water. The project may impact on MHA communities' use of water for irrigation and drinking supply.</p>	
<p>3. Sub-national fiscal policies on REDD+ harmonized with national policies</p>	<p>Effectiveness of implementation of REDD+ strategy and sustainable forest management</p>	<p>Potential restriction of access to forests and forest lands. Potential restriction could result in disorientation of communities as to what could substitute for their loss of income due to limitations. For the time being they are strongly dependent upon forests and forestlands. Sudden restrictions will cut their dependency on the forest and its resources.</p>	<p>Social preparation is necessary in the provision of alternative income generating activities prior to implementation of the project and should include clear information regarding possible impacts and alternatives.</p>

## **Annex 3: Project Performance Monitoring System**

### **A. Introduction**

1. This document presents the project performance monitoring system (PPMS) for the Republic of Indonesia: Community-Focused Investments to Address Deforestation and Forest Degradation Project, funded by the Strategic Climate Fund (administered by the Asian Development Bank [ADB]) and the Government of Indonesia. The PPMS is developed for monitoring the indicators and targets for outcome and outputs outlined in the project design and monitoring framework (DMF)

### **B. Project Description**

#### **I. Components**

2. **Output 1: Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.** The project will establish REDD+ pilots in 17 villages of five FMUs in Kapuas Hulu and Sintang districts, including the national parks of Betung Kerihun and Danau Sentarum. Key focus is on conserving areas with high carbon stocks and restoring forest cover in areas with highest potential for maximizing climate and development benefits from carbon sequestration, soil, water and biodiversity conservation within the project area. The activities include: (a) rehabilitating 6,000 ha of degraded land through community-based assisted natural regeneration, (b) bringing 1,880 ha of deforested land under improved community-based agroforestry systems (e.g., rubber and coffee, gaharu and coffee), (c) formulating community-based forest management (CBFM) agreements between villages and FMUs to cover about 17,000 ha, (d) protecting 5,000 ha of natural forests directly and 91,000 ha indirectly from fire through community-based forest fire management, (e) strengthening REDD+ monitoring and safeguards information systems at district level, (f) developing spatial and business plans for FMUs, which are aligned with CBFM plans, and (g) strengthening capacity of FMU staff and local communities, including women, on REDD+ safeguards, SFM, conflict mediation and payment for ecosystem services. The activities will reduce pressure on forests by providing alternative livelihood to local communities contributing to their economic resilience.

3. **Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented.** This will identify and address barriers for effective implementation of the provincial policy framework and strategy for REDD+ in West Kalimantan. Key activities include: (a) strengthening the capacity of provincial staff to understand REDD+ concepts, monitor and report REDD+, prepare FMU business plans, draft REDD+ regulations and carbon accounting, (b) establishing and linking province-wide grievance and benefit sharing mechanisms with FMUs and national systems, (c) creating a provincial REDD+ monitoring and safeguards information system, including REDD+ activity registry, and (d) establishing a grievance redress mechanism on tenure and REDD+ activities.

4. **Output 3: Sub-national fiscal policies on REDD+ harmonized with national policies.** Key activities include: (i) analyzing fiscal policies for integration of natural capital considerations to provide policy guidance to national and sub-national governments, (ii) conducting policy dialogues to assess gaps in fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, and identify measures for effective harmonization of policies, and (iii) identifying funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.

## II. Project Area

5. The project will be implemented in Kapuas Hulu and Sintang districts, which hold the second and third largest state forest area in West Kalimantan province. Direct interventions of the project will be implemented in 17 villages (Table 1).

**Table 2: Villages in Kapuas Hulu and Sintang included in the Project**

SN	Village	Population	Households	Area (ha)
<b>Kapuas Hulu District</b>		<b>9,608</b>	<b>2,713</b>	<b>7,106</b>
FMU Model Kapuas Hulu				
1	Banua Tengah	574	100	119
2	BatuLintang	326	145	175
3	Nanga Nyabau	365	100	143
4	Padua Mendalam	292	179	240
5	RantauPrapat	422	89	381
6	SibauHilir	2,439	610	550
7	Sibau Hulu	1,090	365	1,399
8	Sungai Uluk Palin	363	157	128
9	Tanjun Lasa	574	124	385
FMU block XXI				
10	Bunut Hulu	1,149	322	78
11	Nanga Tuan	838	197	75
FMU National Park BetungKerihun				
12	Bunjun Jaya	691	199	2,468
13	TanjunLokang	485	126	965
FMU National Park DanauSentarum				
<b>Sintang District</b>		<b>4,070</b>	<b>1,022</b>	<b>248</b>
FMU Model Sungai Meraka				
14	KayuDujung	1,898	502	66
15	Radin Jaya	915	214	123
16	Senangan Kecil	442	107	21
17	Tanjun Sari	815	199	38
<b>Total</b>		<b>13,678</b>	<b>3,735</b>	<b>7,354</b>

## C. Project Costing

6. The project is estimated to cost \$18.7 million (Table 2). The project investment plan is given in Table 3 below.

**Table 2: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Strategic Climate Fund <sup>a</sup>	17.0	90.9
Government	1.7	9.1
<b>Total</b>	<b>18.7</b>	<b>100.0</b>

<sup>a</sup> Under the Forest Investment Program financed by the Strategic Climate Fund. Administered by the Asian Development Bank.

Source: ADB.

**Table 3: Project Investment Plan** (\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Community-focused and gender-responsive REDD+ pilots	15.4
2. Provincial REDD+ strategy in West Kalimantan effectively implemented	1.0
3. Sub-national fiscal policies on REDD+ harmonized with national policies	1.1
<b>Subtotal (A)</b>	<b>17.5</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.2</b>
<b>Total (A+B)</b>	<b>18.7</b>

REDD+ = Reducing Emissions from Deforestation and Degradation

<sup>a</sup> Includes taxes and duties of \$1.7 million to be financed from government resources through exemption. ADB may finance taxes and duties for the project. Taxes and duties financing by ADB is within the reasonable threshold identified in the CPS, does not represent an excessive share of project investment plan, apply only to ADB financed expenditures, and is material and relevant to the project

<sup>b</sup> In mid-2016 prices.

<sup>c</sup> Physical contingencies computed at 10% for civil works; 3% for consulting services, and 8% for community driven development activities, training, surveys, and studies. Price contingencies computed at 1.5% on foreign exchange costs and 5.1% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Sources: ADB and government estimates.

## D. Project Implementation Arrangements

7. The Directorate General of Social Forestry and Environmental Partnerships (Perhutanan Sosial dan Kemitraan Lingkungan – PSKL) of the Ministry of Environment and Forestry (MOEF) will be the executing agency (EA). The EA will provide overall coordination, ensure proper financial management and comply with annual monitoring and reporting of the project's contribution to the FIP results framework. The implementing agencies (IAs) will be: (i) the Directorate of Business Development for Social Forestry and Customary Forest (Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat, BUPSHA) to implement REDD+ activities through partnerships with local communities in FMUs outside national parks, (ii) the Directorate of Environmental Services Utilization and Conservation Forest (Direktorat Pemanfaatan Jasa Lingkungan Hutan Konservasi, PJLHK) to implement REDD+ activities in national parks, and (iii) the Directorate of Production Forest Management Unit (Direktorat Kesatuan Pengelolaan Hutan Produksi, KPHP) to implement REDD+ activities other than those related to social forestry in production forests of FMUs. The respective technical implementation units of IAs at provincial levels will assist IAs in effective project monitoring. The provincial and district forest agencies and FMUs will collaborate with the technical implementation units and are supported by a consultant team.

8. The FIP steering committee for Indonesia, comprising representatives of various ministries, will serve as the project steering committee and will coordinate all FIP-supported projects to be administered by ADB, World Bank and IFC. The implementation arrangements are described in detail in the project administration manual (PAM).<sup>29</sup>

## E. Implementation Progress

9. [Brief write-up on the status of implementation of activities]

10. Implementation progress in terms of start-up activities, safeguards, procurement of goods and services, contracts, and physical progress are presented below.

<sup>29</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

**a. Start-up Activities**

11. [Brief write-up on the status of activities]

**Table 4: Start-up Activities**

<b>Activity</b>	<b>Deadline</b>	<b>Status</b>
Opening of imprest account		
Recruitment of PISU		
Award of Goods Packages		

**b. Safeguards**

12. [Brief write-up on the status of activities]. The table below presents the project's status on safeguards.

**Table 5: Safeguards**

<b>Sub-project/ Contract</b>	<b>Social Safeguard Assessment</b>	<b>Social Safeguard Screening (Y/N)</b>	<b>Resettlement Plan</b>		<b>Environment Assessment</b>		<b>Indigenous People</b>	
			<b>Completed</b>	<b>On-going</b>	<b>Completed</b>	<b>On-going</b>	<b>Completed</b>	<b>On-going</b>
Contract no. 1	Completed	Y	Yes/No/NR	-	Yes/No	-	Yes/No	-

**c. Procurement**

13. [Brief write-up on the status of procurements]. The tables and graphs below present the project progress on procurement of goods and equipment, works, and works contracts

**Table 6: Goods and Equipment**

<b>Package</b>	<b>Estimated Amount (\$)</b>	<b>Date of Award</b>	<b>Contract Amount Awarded (\$)</b>
Package 1			
Package 2			
Package 3			

[You may insert graph for estimated and actual contract awards of goods]

**Table 7: Progress of Agroforestry (& other activities)**

<b>Package</b>	<b>Estimated Amount (\$)</b>	<b>Date of Award</b>	<b>Contract Amount Awarded (\$)</b>
Package 1			
Package 2			
Package 3			

**Table 8: Disbursements**

<b>Fund Source</b>	<b>Amount Allocation(\$)</b>	<b>Amount Disbursement(\$)</b>
ADB		
Government		

**Table 8: Financial Progress**

Items	Amount Budgeted (\$)	Contract Amount Awarded (\$)	Amount Paid (\$)
<b>Goods:</b>			
Contract 1			
Contract 2			
<b>Consulting Services</b>			
Contract 1			
Individual 1			
<b>Project Management</b>			

**D. Performance vs. DMF**

14. The project's performance against the targets set out in the DMF for outcome, outputs, and inputs is reported in the table below:

Results Chain	Performance Indicators with Targets and Baselines	Achievements
<b>Outcome</b> Improved REDD+ implementation in project areas of West Kalimantan	By 2026: a. Cumulative GHG emissions in project area reduced by 3.7 million tons CO <sub>2</sub> e. (2017-2026 baseline net GHG emissions of 12.4 million tons CO <sub>2</sub> e)  By 2022: b. Household income of local communities <sup>1</sup> in three FMUs increased by 20% in real terms (2015 baseline: Rp30 million/year in Kapuas Hulu, Rp15 million/year Sintang in project villages) (with sex disaggregated data on targeted beneficiaries).	
<b>Outputs</b> 1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented	By 2022: 1a. Five FMUs in two districts implement REDD+ pilots in a participatory manner (2016 baseline: N.A.) 1b. 6,000 ha of degraded land rehabilitated through community-based assisted natural regeneration. (2016 baseline: 0) 1c. 1,880 ha of deforested land brought under improved community-based agroforestry systems. (2016 baseline: 0) 1d. 5,000 ha of additional natural forest protected directly (2016 baseline: 1,400 ha) and 91,000 ha indirectly (2016 baseline: 0) through community-based forest fire management, including improved honey collection and fish drying techniques. 1e. 17,000 ha of natural forest land brought under CBFM. (2016 baseline: 0) 1f. At least 20 staff and 500 community members (200 women) trained in implementing community-based REDD+ pilots. (2016 baseline: 8 staff, 0 community members) 1g. At least 10,000 people (5,000 women) in 2,800 households in project villages with improved clarification on access to land and natural resources. (2016 baseline: N.A.)	

Results Chain	Performance Indicators with Targets and Baselines	Achievements
2. Provincial REDD+ strategy in West Kalimantan effectively implemented	By 2022: 2a. Three provincial regulations supporting REDD+ issued. (2016 baseline: N.A.) 2b. Grievance redress mechanism on tenure and REDD+ operationalized. (2016 baseline: N.A.) 2c. At least 50 staff (15 women) trained on REDD+ planning, implementation and communication. (2016 baseline: 5) 2d. Safeguards and community-based monitoring system for REDD+, including activity registry, established. (2016 baseline: N.A.)	
3. Sub-national fiscal policies on REDD+ harmonized with national policies	By 2022: 3a. Guidelines for integrating natural capital considerations into fiscal policies and incentive mechanisms drafted. (2016 baseline: N.A.) 3b. At least three sub-national policies (fiscal, benefit sharing and incentive mechanisms) harmonized with national policies. (2016 baseline: N.A.) 3c. At least three gender-responsive proposals for mobilizing sub-national REDD+ funding developed. (2016 baseline: N.A.)	

## E. Gender Action Plan

15. The project's progress against the Gender Action Plan (use Table 8 of PAM) is presented in a table below.

## F. Status of Compliance with Loan Covenants

16. There are [number] loan covenants, out of which [number] are complied with, [number] are partly complied, [number] are ongoing, [number] and are still not met, [number] are not yet due. The list of covenants under relevant categories and their status of compliance as of [date] is provided in the table below.

**Table 9: Status of Compliance with Loan Covenants**

Sr. No.	Covenant	Reference in Loan Agreement (LA)	Status of Compliance	Remarks
<b>Financial Covenants</b>				
1.				
2.				
<b>Safeguard Covenants</b>				
3.				
4.				
<b>Social Covenants</b>				
5.				
6.				
<b>Economic Covenants</b>				
7.				
8.				
<b>Others Covenants</b>				

**G. Problems and Issues during Implementation**

*Describes problems caused by delayed project implementation over the last 6 months. The list of actions taken and the status of proposed actions are recorded*

### Annex 4: Consultation and Participation Plan

Output 1: Community focused and gender responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy and guidelines, and to plan and coordinate the implementation of project activities	Consultation, Depth: high.	Through regular steering committee and technical consultative group meetings and routine office work	Team Leader, Project Implementation Supporting Unit (PISU)	2016	2020
UPT (BPDAS, BP2HP, BPKH, BK NP, DS NP) and FMU (FMU P/K/L) as Implementing Units.	To plan and implement project activities in the project areas	Partnership, depth high.	Involvement in project activities in line with descriptions as found in other project documents, including: <ul style="list-style-type: none"> <li>▪ train FMU staff, MHA and local community members, including women, on REDD+ aspects;</li> <li>▪ enforce forest law;</li> <li>▪ oversee implementation of safeguards, FPIC, conflict mediation and PES;</li> <li>▪ establish a REDD+ monitoring and safeguard information system with geospatial databases;</li> <li>▪ develop spatial and business plan for FMU through a participatory process consistent with CBFM plan;</li> <li>▪ support establishment of FMU "block XXI" and prepare its business plan;</li> <li>▪ support assisted natural regeneration of forest;</li> <li>▪ establish a fund flow mechanism at community level as basis of result-based payments for verified performance in SFM and emission reduction; and</li> <li>▪ facilitate coordination and information dissemination on SFM and REDD+ between FMU and provincial offices with improved communication infrastructure.</li> </ul>	Team Leader of PISU and FMU, and UPT of government offices	2016	2020

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Local firms, which may include NGOs, as project sub-contractors	To implement project components awarded through open bidding	Partnership, Depth: high.	<p>Involvement in project activities in line with descriptions as found in other project documents, including:</p> <ul style="list-style-type: none"> <li>▪ delineate forest and village areas in FMU,</li> <li>▪ design community-based forest management initiatives in 10 villages (in FMU impact areas),</li> <li>▪ oversee land-based and non-land-based livelihood development,</li> <li>▪ implement small grants for women and rural development activities, and</li> <li>▪ provide equipment and training for community-based forest management.</li> </ul>	Responsible persons within any contracted firm or NGO(s)	2016	2020
National NGOs to act as an independent monitor and watch dog	To independently monitor project implementation	Consultation, Depth: high.	<p>To conduct close monitoring of activities:</p> <ul style="list-style-type: none"> <li>▪ delineation of forest and village areas in FMU,</li> <li>▪ design community-based forest management initiatives in 10 villages (in FMU impact areas),</li> <li>▪ land-based and non-land-based livelihood development,</li> <li>▪ implementation of small grants for women and rural development activities,</li> <li>▪ provide equipment and training for community-based forest management</li> </ul>	Focal persons for advocacy and monitoring functions		
MHA, local communities, and women as right holder and project owners	<p>To get prior informed, consent and involved to the project activities and outputs</p> <p>To develop ownership and get equitable benefits from the project results</p>	Partnership, Depth: high	<p>Involvement in project activities:</p> <ul style="list-style-type: none"> <li>▪ Delineation of forest and village areas in FMU,</li> <li>▪ design of community-based forest management in 10 village (in FMU impact areas),</li> <li>▪ land-based livelihood development,</li> <li>▪ non-land-based livelihood development,</li> <li>▪ small grant for women,</li> </ul>	Village Facilitator(s), Head of villages and community representatives	2016	2020

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
			<ul style="list-style-type: none"> <li>▪ rural development activities,</li> <li>▪ provide equipment and training for community-based forest management.</li> </ul>			
Private sector companies (palm oil companies and association) as development partners	To generate and share information and resources for economic development and reduce emissions	Information generation Depth: low.	Share project communication and information materials, printed and electronic through project website	Communication/PR Specialist	2015	2020

## Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as executing agency	To provide policy, guidelines, plan and coordinate the implementation of project activities	Consultation, depth: high	Steering Committee and Technical Consultative Group Meetings	Project Implementing Units	2016	2020
UPT and FMU as Implementing Units.	To plan and implement project activities in their areas.	Partnership, depth: high.	Involve in project activities: <ul style="list-style-type: none"> <li>▪ Establish a provincial monitoring and safeguard information system for REDD+,</li> <li>▪ conduct provincial workshops and training programs on REDD+ concepts and carbon accounting including drafting regulations,</li> <li>▪ establish a grievance redress mechanism on tenure and REDD+ activities,</li> <li>▪ facilitate coordination and information dissemination</li> </ul>	Project Implementing Units	2016	2020
National NGOs as independent monitoring, reviewer	To take part in review of existing and new policies formulation.	Consultation, depth: high.	To monitor, review project activities : <ul style="list-style-type: none"> <li>▪ processes to establish a provincial monitoring and safeguard information system for REDD+,</li> <li>▪ conduct provincial workshops and training programs on REDD+ concepts and carbon accounting including drafting regulations,</li> <li>▪ establish a grievance redress mechanism on tenure and REDD+ activities,</li> <li>▪ facilitate coordination and information dissemination</li> </ul>	Project Implementing Units	2016	2020
MHA, local communities and women as primary stakeholder and most affected by REDD+ policies and strategies in the project area.	To enhance their capacity related with REDD+ policy and process and take fair benefit from it at the implementation.	Consultation, depth: high.	Participate in training/workshop: <ul style="list-style-type: none"> <li>▪ safeguard, carbon accounting, participatory planning,</li> <li>▪ design strategy of grievance mechanism,</li> <li>▪ tenure conflict resolution. Active participation on consultative process of policy on monitoring of REDD+ activities.</li> </ul>	Project Implementing Units	2016	2020
Private sector (palm oil and timber companies and association) as development partners	To inform to the project and generate support.	Information sharing, depth: low.	Share project communication and information materials, printed and electronic through project website	Project Implementing Units	2016	2020

## Output 3: Sub-national fiscal policies on REDD+ harmonized with national policies

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as executing agency	To provide policy, guidelines, plan and coordinate the implementation of project activities	Consultation, depth: high	Steering Committee and Technical Consultative Group Meetings	Project Implementing Units	2016	2020
UPT and FMU as Implementing Units.	To plan and implement project activities in their areas.	Partnership, depth: high.	Involvement in project activities: <ul style="list-style-type: none"> <li>▪ Assessment of fiscal policies harmonization and production of policy paper,</li> <li>▪ Technical and policy dialogues on harmonizing fiscal policies and regulations, forest industry strategy in West Kalimantan assessed and support provided to ensure the policy harmonization with forest industry strategy at national level.</li> <li>▪ Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposal to extent scope, area and/or time frame of the current project.</li> </ul>	Project Implementing Units	2016	2020
National NGOs as independent monitoring, reviewer	To take part in review of existing and new policies formulation.	Consultation, depth: high.	Take part in project processes: <ul style="list-style-type: none"> <li>▪ Assessment of fiscal policies harmonization and production of policy paper,</li> <li>▪ technical and policy dialogues on harmonizing fiscal policies and regulations,</li> <li>▪ Assess and support forest industry strategy in West Kalimantan to ensure the policy harmonization with forest industry strategy at national level.</li> <li>▪ Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposal to extent</li> </ul>	Project Implementing Units	2016	2020

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
			scope, area and/or time frame of the current project.			
MHA, local communities and women as primary stakeholder and most affected by REDD+ policies and strategies in the project area.	To enhance their capacity related with REDD+ policy and process and take fair benefit from it at the implementation.	Consultation, depth: high.	<ul style="list-style-type: none"> <li>▪ Participate in training/workshop: safeguard, carbon accounting, participatory planning, design strategy of grievance mechanism, tenure conflict resolution.</li> <li>▪ Active participation on consultative process of policy on monitoring of REDD+ activities.</li> </ul>	Project Implementing Units	2016	2020
Private sector (palm oil and timber companies and association) as development partners	To inform to the project and generate support.	Information sharing, depth: low.	Share project communication and information materials, printed and electronic through project website	Project Implementing Units	2016	2020

## Annex 5: Project Implementation Supporting Unit (PISU) Consultants

### A. Terms of Reference

1. Consulting services are required to support the implementation of the “Community-Focused Investments to Address Deforestation and Forest Degradation Project”. The Ministry of Environment and Forestry (MOEF) is the executing agency (EA). The project implementation supporting unit (PISU) consultants will support EA and the implementing agencies (IAs) in implementation and strengthen technical and management capacities of the participating government agencies and local communities. The PISU will include technical specialists on REDD+ and state forest management (SFM), and safeguards (Table 1).

2. The firm will be providing 20 person-months (pm) of international and 1,585 pm of national consulting inputs. Recruitment will follow the quality- and cost-based selection method (QCBS 90:10) with full technical proposal, in accordance with the Asian Development Bank (ADB) Guidelines on the Use of Consultants (2013, as amended from time to time). Preference will be given to firms with work experience in Indonesia, especially in West Kalimantan. Firms which provide evidence that personnel proposed are full time or long term employees of the firm will be given positive consideration.

3. In the technical proposal, firms are encouraged to describe in detail how they propose to develop and deliver the proposed outputs under section “Approach and Methodology.” The proposed methodology should have a logical implementation schedule as per the design and monitoring framework (DMF). Description of approach and methodology should be distinct for each output. The curriculum vitae (CVs) of proposed personnel should specify direct experience of experts in those themes.

4. The PISU will include key experts and non-key experts. Only CVs of key experts will be evaluated and scored. The CVs of non-key experts will be assessed on a pass/fail basis (i.e. EA may choose to require an expert to be replaced if it is assessed that he/she does not have the appropriate qualifications for the proposed position). All positions and pm allocation proposed by the firm must be included and budgeted for in its financial proposal. For expenses related to workshops, training and conferences, administrative support, surveys, and knowledge products, the budget will be separately approved by the MOEF.

### B. Preferred Qualification and Detailed Terms of Reference.

#### 1. Key Experts

5. **International REDD+ and Sustainable Forest Management (SFM) Specialist** (10 pm, intermittent): The consultant will have at least 8 years of experience as a REDD+ specialist, with a master's degree or higher in forestry, climate change, environmental policy or a related area. He/she must have at least five years of experience in REDD+ with emphasis on community forestry; agroforestry and assisted natural regeneration, and REDD+ safeguards. The specialist must have extensive experience in implementing REDD+ projects; sound knowledge of subnational forest management processes in Indonesia, including financing schemes such as performance-based grants; and familiarity with donor agencies and institutions involved in climate change. The expert will:

- (i) Provide targeted advice to the national consultants in all REDD+ and SFM activities;

- (ii) Assist in providing the technical content of workshops and training programs on REDD+ and SFM;
- (iii) Oversee the design of the community based forest management plans, and spatial and business plans for FMUs based on international best practices and examples;
- (iv) Inform the team and the government on international requirements for REDD+ safeguards, free, prior and informed consent (FPIC), and benefit sharing mechanisms and share practical steps in its implementation;
- (v) Guide implementation of REDD+ pilot activities based on international best practices and lessons from other parts of the world; and
- (vi) Guide national consultants on monitoring and evaluation (M&E) and other project-related communications.

**6. International REDD+ Economics and Fiscal Policy Specialist** (5 pm, intermittent): The consultant will have at least 6 years of experience as a REDD+ specialist, with a master's degree or higher in agricultural or forest economics, finance, natural resource management or a related area. He/she must have at least four years of experience in REDD+ economics. The specialist must have experience in conducting economic analysis of REDD+ projects and familiarity with national and sub-national fiscal policies related to natural resources. The expert will:

- (i) Design a fund flow mechanism for REDD+, including the organization of payments (incentives and compensations) to environment service providers and/or carbon right holders (individuals, communities or government agencies) for emission reductions and carbon stock enhancement in the project areas;
- (ii) Advise the national REDD+ economics and fiscal policy specialist in analyzing fiscal policies on integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper;
- (iii) Contribute to the design of a training program for provincial and district level staff and technical experts on REDD+ benefit sharing mechanisms;
- (iv) Support the national REDD+ economics and fiscal policy specialist in conducting policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies;
- (v) Assist in the design of West Kalimantan forest industry strategy;
- (vi) Identify approaches for harmonization of sub-national and national fiscal policies on REDD+ and integrate them in REDD+ policy frameworks and regulations; and
- (vii) Consult with local government and civil society working on fiscal policy.

**7. International REDD+ Monitoring, Reporting and Verification (MRV) Specialist** (5 pm, intermittent): The consultant will have at least 8 years of experience as an MRV specialist, with a master's degree or higher in climate change, environmental policy or a related area. He/she must have at least four years of experience in REDD+ related MRV issues. The specialist must have sound knowledge of MRV systems in Indonesia, and spatial information systems, including GIS and remote sensing. The expert will:

- (i) Guide and support the national specialist on REDD+ MRV issues;
- (ii) Support the establishment and/or strengthening of REDD+ MRV systems at district and provincial levels;
- (iii) Support the design of training programs on tree inventory and forest assessment, GIS and REDD+ registry;
- (iv) Identify data required for development of reference emission levels;
- (v) Support the processing of GIS datasets and integrate them into a common database.
- (vi) Advise on datasets required for the development of baseline (thematic) maps, spatial analyses (e.g. threat maps) and modelling tools (e.g. future land conversion);

- (vii) Review spatial and thematic quality of collected datasets and suggest processing steps (or alternative better data sources) to improve overall accuracy;
- (viii) Design (GPS-based) field survey/reports as required to verify accuracy of satellite imagery interpretations and GIS datasets; and
- (ix) Contribute to targeted training programs on REDD+ MRV systems, including GIS and remote sensing.

8. **National REDD+ Specialist and Team Leader** (60 pm, continuous): The consultant will have at least 10 years of experience as a REDD+ specialist, with a master's degree or higher in forestry, climate change, environmental policy or a related area. He/she must have at least three years of experience in community forestry; agroforestry and assisted natural regeneration, and safeguards. The specialist must have sound knowledge of subnational forest management processes in Indonesia, and familiarity with donor agencies and local and national institutions involved in climate change. The expert will:

- (i) Take overall responsibility for project implementation, including supervision of PISU operations, preparation of annual work plans, coordination, provision of necessary support to financial management and administrative input, and timely deployment of consultants and guidance on ADB procedures;
- (ii) Support EA and IAs in effective implementation of all activities as per DMF;
- (iii) Oversee community livelihood support activities such as the installation of solar panels, water facilities, road rehabilitation and micro-hydro for electricity generation and the implementation of "green school";
- (iv) Serve as the contact point for the project and participate in national and international discussions on REDD+;
- (v) Oversee the conduct of the workshops and training on REDD+ concepts;
- (vi) Advise on the design of the community-based forest management plans, and spatial and business plans for FMU;
- (vii) Provide advice on REDD+ safeguards, FPIC, grievance redress and benefit sharing mechanisms, and implementation of pilot activities;
- (viii) Supervise the team expert in preparing and implementing of indigenous people plan (IPP);
- (ix) Work closely with local government and civil society organization (CSO) working with masyarakat adat communities;
- (x) Identify funding sources and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project;
- (xi) Provide necessary inputs to national and provincial teams in planning, preparation and completion of the subprojects in line with forest management plans in FMUs;
- (xii) Establish a project management system and due diligence to enable continuous improvements;
- (xiii) Establish a system for monitoring and evaluation, including approaches to regularly update the baseline data;
- (xiv) Ensure timely submission of quarterly progress reports and the completion report which include safeguards monitoring report and report of implementation of gender action plan; and
- (xv) Guide proper maintenance of the project accounts and financial records.

9. **National Sustainable Forest Management (Agroforestry and Assisted Natural Regeneration) Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as a SFM specialist, with a master's degree or higher in forestry, climate change,

environmental policy or a related area. He/she must have at least three years of experience in agroforestry and assisted natural regeneration. The specialist must have sound knowledge of subnational forest management processes in Indonesia and familiarity with donor agencies and institutions involved in REDD+ in West Kalimantan. The expert will:

- (i) Facilitate community-based forest management (CBFM) agreements working closely with the village facilitators, safeguards and gender specialists;
- (ii) Prepare detailed activity plans for agroforestry and assisted natural regeneration in collaboration with FMU staff;
- (iii) Contribute to the design and implementation of training programs to FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development, in cooperation with the National FMU Business Development and Market Promotion Specialist;
- (iv) Contribute to development spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans;
- (v) Support the establishment of FMU Block XXI by providing advice on its institutional composition and necessary processes for the legal establishment;
- (vi) Provide technical inputs to establish REDD+ fund flow and benefit sharing mechanisms;
- (vii) Organize training programs on SFM focusing on agroforestry and assisted natural regeneration; and
- (viii) Work closely with non-government organizations (NGOs) involved in agroforestry and small enterprise development.

10. **National REDD+ Economics and Fiscal Policy Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as an economist and fiscal policy specialist, with a master's degree or higher in agricultural or forest economics, environmental economics or a related area. He/she must have at least three years of experience in analysis of economic and fiscal policies with emphasis on forestry. The specialist must have sound knowledge of subnational forest management processes in Indonesia. The expert, under the guidance of international REDD+ economics and fiscal policy specialist, will:

- (i) Design a fund flow mechanism for REDD+, including the organization of payments (incentives and compensations) to environment service providers and/or carbon right holders (individuals, communities or government agencies) for emission reductions and carbon stock enhancement, in cooperation with international REDD+ economics and fiscal policy specialist, and national REDD+ and SFM specialists;
- (ii) Analyze fiscal policies on integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper;
- (iii) Design and implement training programs for provincial and district level staff and technical experts on REDD+ benefit sharing mechanisms;
- (iv) Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies;
- (v) Provide technical inputs to improve the West Kalimantan forest industry strategy;
- (vi) Identify approaches for harmonization of sub-national and national fiscal policies on REDD+ and integrate them in REDD+ policy frameworks and regulations; and
- (vii) Contribute to the development of the business plans of five FMUs.

11. **National REDD+ MRV Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as a MRV specialist, with a Master's degree or higher in forestry, climate change, environmental policy or a related area. He/she must have at least three years of experience in REDD+ MRV issues. The specialist will have sound knowledge of GIS, GPS and remote sensing. The expert will:

- (i) Establish and/or strengthen REDD+ MRV systems at provincial and district levels;
- (ii) Assess data needs for the development of reference emission levels, spatial analysis (thematic maps, threat maps) and modeling tools (future land conversion);
- (iii) Determine reference levels for emissions associated with the key drivers of deforestation and forest degradation;
- (iv) Process datasets (conversion, translation, cleanup, documentation) and integrate them into a common GIS database;
- (v) Develop a plan to collect and process existing data, regularly update the baseline data and source secondary data as required;
- (vi) Identify and document national GIS data sources and discuss / coordinate with national focal points on how to secure copies of relevant datasets;
- (vii) Recommend studies and assessments to fill data gaps;
- (viii) Review spatial and thematic quality of datasets and suggest processing steps (or alternative better data sources) to improve overall accuracy;
- (ix) Design GPS-based field surveys to verify accuracy of interpretation of satellite imagery and GIS datasets; and
- (x) Design and conduct training programs to establish sustained MRV capacities.

12. **National REDD+ Safeguards Information System (SIS) Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as a REDD+ safeguards specialist, with a Master's degree or higher in forestry, climate change, information systems, environmental policy or a related area. The specialist must be familiar with SIS developed by other development partners, including Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI). The expert will:

- (i) Assess existing approaches, including PRISAI, to safeguards information provision, and assess the validity of currently identified REDD+ safeguards indicators;
- (ii) Revise/update the list of REDD+ safeguards indicators, as necessary;
- (iii) Conduct stakeholder consultations at district and FMU levels on (i) potential types and sources of information for each safeguard indicator, (ii) potential monitoring and assessment options, and (iii) methods for safeguards information dissemination;
- (iv) Prepare a draft report that details potential options for types and sources of information, and methods for their dissemination;
- (v) Identify data needs and establish REDD+ SIS at district and provincial levels, building on efforts of other development partners in West Kalimantan province;
- (vi) Contribute to the workshops and training on REDD+ SIS;
- (vii) Provide inputs to the national MRV specialist on REDD+ monitoring systems regarding REDD+ safeguards (social and environmental);
- (viii) Report on the implementation of REDD+ safeguards at regular intervals, in line with international guidelines and requirements; and

- (ix) Document lessons learned and success stories on SIS to improve South-South collaboration.

## 2. Non-Key Experts

13. **National REDD+ Capacity Building Specialists** (3 persons, 45pm each, continuous): The consultant will have at least 5 years of experience as a capacity building specialist, with a Master's degree or higher in forestry, climate change, environmental policy or a related area. He/she must have at least three years of experience in conducting workshops on REDD+ with emphasis on community forestry; agroforestry and assisted natural regeneration, gender mainstreaming and REDD+ safeguards. The specialists must have sound knowledge of forest management efforts in Indonesia and familiarity with donor agencies and institutions involved in REDD+. The experts will:

- (i) Collect and analyze information on capacity needs that may be available from previous capacity assessments of the relevant institutions, REDD+ pilot projects and other initiatives in West Kalimantan;
- (ii) Assess current roles, responsibilities and capacities of relevant institutions, including FMUs, on REDD+ in Sintang and Kapuas Hulu districts;
- (iii) Identify the capacity gaps at sector levels and in the implementation of REDD+ and considering key thematic areas on REDD+ such as governance, safeguards, rights, REDD+ policies, REDD+ financing, incentives and benefit sharing, and MRV;
- (iv) Identify opportunities and entry points for strengthening and coordinating the capacity of relevant stakeholders on REDD+;
- (v) Enhance awareness of REDD+ among local stakeholders, including customary communities, FMUs, district and province officials;
- (vi) Work closely with the village facilitators for the implementation of the various REDD+ pilot activities (including ecotourism, beekeeping, handicrafts, home gardens and fish cultivation) with local communities, including women;
- (vii) Design and implement capacity building programs on REDD+ and value addition activities such as the processing of coffee, rubber and gaharu, honey, and weaving;
- (viii) Support community livelihood support activities such as the installation of solar panels, water facilities, road rehabilitation and micro-hydro for electricity generation and the implementation of "green school"; and
- (ix) Train at least 10 local resource persons in each FMU as future REDD+ trainers in their communities.

14. **National Land Use and Spatial Data management Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as a data management specialist, with a bachelor's degree or higher in information technology, computer science, spatial information sciences or a related area. He/she must have at least three years of experience in GIS and remote sensing for analysis of land use. Experience in and creating maintaining project web sites is required. Knowledge of forest management issues in Indonesia is preferred. The expert will:

- (i) Review the existing national and provincial land use and land cover classification schemes, the accuracy of existing land-use assessments, and of carbon stock and inventory data;

- (ii) Identify data needs and gaps on land use in project areas, and collect relevant data to prepare baseline (thematic) maps, land use maps, and vulnerability maps;
- (iii) Conduct training on GIS for FMU and district staff;
- (iv) Advise FMU staff on the design of the CBFM plans;
- (v) Design, develop and maintain a user-friendly project web site in collaboration with other team members;
- (vi) Advise the team on hardware and software related issues; and
- (vii) Conduct training of trainers.

15. **National Forest Conflict Management Specialist** (2 experts, 20pm each, intermittent): The consultant will have at least 5 years of experience as a conflict management specialist, with a Bachelor's degree or higher in forestry, environmental science, communications, journalism or a related area. He/she must have some exposure to REDD+ grievance redress mechanisms and safeguards. The specialist must have sound knowledge of subnational forest management processes in Indonesia, including tenure related issues. The expert will:

- (i) Facilitate and assist the FMU and district staff in handling conflicts, which also involve customary communities and the private sector;
- (ii) Participate in the mediation process of the design of CBFM, especially for activities with the potential of causing friction between members;
- (iii) Strengthen the institutional settlement of tenure related conflicts;
- (iv) Prepare a draft road map for REDD+ related conflict resolution in West Kalimantan;
- (v) Conduct training and mentoring activities to increase the capacity of FMU staff and others related to the conflict resolution;
- (vi) Support the development of grievance redress mechanisms to ensure that they include communities' needs and represent local circumstances; and
- (vii) Prepare progress report on GRM implementation and issues.

16. **National Forest Fire Management Specialist** (20 pm, intermittent): The consultant will have at least 5 years of experience as a forest fire management specialist, with a Master's degree or higher in forestry, climate change, environmental policy or a related area. He/she must have good exposure to causes and countermeasures of forest fire, especially in Indonesian context. The specialist must have sound knowledge of practical measures of forest fire management. The expert will:

- (i) Assess current mechanisms for law enforcement, legal review of licenses, and compliance audit for forest fire management in FMUs;
- (ii) Support the distribution of forest fire suppression equipment;
- (iii) Conduct training on community-based forest fire management to local communities and FMU staff; and
- (iv) Support community-based forest fire brigade patrol activities.

17. **National Forest Management Unit (FMU) Business Development and Market Promotion Specialist** (20 pm, intermittent): The consultant will have at least 5 years of experience as a business management specialist, with a Master's degree or higher in forest economics, business administration, commerce or a related area. He/she must have at least two years of experience in forestry related small and medium enterprises with emphasis on promoting ecotourism, community forestry and non-timber forest products. The specialist must have experience in value addition of forest products; sound knowledge of forestry business

procedures in Indonesia; and familiarity with donor agencies and institutions involved in sustainable forest management. The expert will:

- (i) Develop five FMU business plans, in cooperation with the REDD+, SFM and economics and fiscal policy specialists;
- (ii) Advise local communities and FMU staff on development of value added products such as processed coffee, latex and gaharu, handicrafts and honey;
- (iii) Advise women groups and entrepreneurs in the development of the business plan;
- (iv) Provide inputs to the development of West Kalimantan forest industry strategy;
- (v) Conduct training programs on value addition and micro-enterprise development, in coordination with the national REDD+ and SFM specialists and village facilitators; and
- (vi) Contribute to branding and promotion of the project and its products, via media, events, PR/Marketing with diverse stakeholders.

**18. National Community Empowerment Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as a community empowerment specialist, with a Master's degree or higher in communications, social work, anthropology, environmental policy or a related area. He/she must have experience in engaging diverse stakeholders in REDD+ processes. The specialist must have sound knowledge of local community needs and the processes by which communities can increase their assets and build capacities to gain control over the factors and decisions that shape their livelihood. The expert will:

- (i) Conduct ethnographic studies to gain a better understanding of the social capital and baseline information related to improvement of community livelihood, especially in the context of FIP interventions;
- (ii) Act as an external agent to facilitate community level participatory processes and CBFM in close consultation with customary communities;
- (iii) Conduct training activities and workshops to FMU staff on community empowerment;
- (iv) Identify relevant partners, networks and key stakeholders to facilitate community livelihood programs, including marketing actions;
- (v) Participate in the development and implementation of REDD+ activities to empower communities and create ownership with a view to ensure sustainability;
- (vi) Draft guidelines on participatory planning through a community consultative process;
- (vii) Facilitate community level participatory processes to identify and implement the best possible and socially acceptable approaches;
- (viii) Facilitate community to organize themselves in implementation of all livelihood plans;
- (ix) Assist communities to conduct M&E in compliance with external audit; and
- (x) Record lessons to enhance the effectiveness of stakeholder communication strategy.

**19. National Monitoring and Evaluation Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as a M&E specialist, with a Master's degree or higher in economics, environmental policy or a related area. He/she must have at least two years of experience in M&E aspects of REDD+. The specialist must have sound knowledge of subnational forest management processes in Indonesia and familiarity with M&E framework of Forest Investment Program. The expert will:

- (i) Collect baseline data for indicators in Design and Monitoring Framework (DMF), in close collaboration with FMU staff;
- (ii) Develop data collection and monitoring system as per DMF and FIP results framework, in association with staff of West Kalimantan province, districts and FMUs;
- (iii) Identify data needs and gaps, and formulate methodology to collect relevant data;
- (iv) Conduct seminars to strengthen capacity of government staff on monitoring and evaluation and FIP results framework;
- (v) Monitor and update annually the progress of DMF indicators and targets and report to FIP Steering Committee in Indonesia, FIP Subcommittee and ADB; and
- (vi) Prepare annual reports as per FIP Results Framework to the FIP subcommittee.

20. **National Social Safeguards Specialists** (2 persons, 30 pm each, intermittent): The consultants will have at least 5 years of experience as a social safeguards (indigenous peoples and involuntary resettlement) specialist, with a Master's degree or higher in environmental science, policy or a related area. One of the consultants must focus on social safeguards at national and provincial levels, while the other pays attention to safeguards at FMU level. The specialists must have sound knowledge of REDD+ safeguards and subnational forest management processes in Indonesia. The experts will:

- (i) Ensure that investments in the project areas are socially inclusive, equitable, and sustainable - consistent with national REDD+ strategy and ADB safeguards policies;
- (ii) Assist FMUs in conducting community consultations and report results following the social safeguards guidelines;
- (iii) Ensure that indigenous peoples (IP) and poverty issues are integrated in project area selection, project design and implementation, and M&E, in close communication with village coordinators and village facilitators;
- (iv) Verify that the indigenous peoples' planning framework (IPPF) and the resettlement framework (RF) are considered in implementation of project activities;
- (v) Organize training on social safeguards, with emphasis on corrective measures;
- (vi) Conduct periodic verification of social safeguards and report findings to the government, ADB and FIP subcommittee;
- (vii) Provide recommendations on the IPPF and determine activities that may require an IPP or *Masyarakat Hukum Adat*(MHA) Plan;
- (viii) Guide FMU staff to achieve meaningful IP participation in activities that require IPP;
- (ix) Liaise with MHA CSOs to implement the IPPF effectively and generate acceptable IPPs in the project areas;
- (x) Provide awareness and sensitivity briefings on IP participation to FIP stakeholders;
- (xi) Assess project activities to (a) identify opportunities to enhance positive impacts on MHA communities, and (b) determine the likelihood of significant adverse impacts on MHA communities and make recommendations to prevent or mitigate them;
- (xii) Review and provide recommendations on RF and Resettlement Plans (RP), if any.
- (xiii) Advise the district and FMU staff in RP preparation, if needed;

- (xiv) Work closely with gender and other specialists/experts; and
- (xv) Prepare quarterly social safeguards monitoring report.

**21. National Gender and Social Development Specialists** (2 persons, 20 pm, intermittent): The consultant will have at least 5 years of experience as a gender specialist, with a Master's degree or higher in arts, social sciences, or a related area. He/she must have at least three years of experience in gender mainstreaming aspects of REDD+ with emphasis on community forestry and REDD+ safeguards. The specialist must have good knowledge of subnational forest management processes in Indonesia. The expert will:

- (i) Conduct gender and social impact assessments and associated census, surveys and reports, and ensure effective integration of gender aspects in preparation of socio-economic and poverty profiles of project beneficiaries;
- (ii) Conduct gender analysis of policy adjustments related to social dimensions including but not limited to: land tenure, land use planning, other REDD+ policies;
- (iii) Recommend gender-responsive strategies and options to minimize adverse impacts due to introduction of new schemes, which may potentially affect livelihood and/or demand for socio economic services;
- (iv) Assist in the implementation of Gender Action Plan (GAP) and train project staff on gender mainstreaming in project activities;
- (v) Ensure that the gender targets and indicators described in GAP are integrated in the project activities and M&E frameworks, and support the efforts to achieve the targets;
- (vi) Provide technical advice for the district and FMU staff to implement GAP and conduct training on participatory and gender responsive planning at FMU and community levels, leadership and public speaking training for women, pilots for women grant management, among others;
- (vii) Ensure implementation of gender safeguards as described in the GAP (e.g., ensuring women's participation and representation in all project activities, allocation of adequate resources for activities relevant to GAP);
- (viii) Conduct periodic visits to the project area to verify the compliance with the GAP;
- (ix) Ensure, in collaboration with communication specialist, that project materials include information on gender issues in forest management and REDD+ as well as ensure that communication strategies adopt gender responsive measures;
- (x) Identify key stakeholders (including both men and women within poor and vulnerable groups) and their project-related interests, including possible barriers to their meaningful participation in and benefit from the project;
- (xi) Recommend strategies to address stakeholder concerns and identify factors affecting project risk and viability;
- (xii) Ensure that poverty concerns are integrated well in project activities;
- (xiii) Contribute to the development of M&E systems and monitor poverty indicators throughout the project life as aligned with the DMF; and
- (xiv) Prepare bi-annual and annual reports on progress in GAP implementation to the government, ADB, and FIP subcommittee.

**22. National Environmental Safeguards Specialist** (30 pm, intermittent): The consultant will have at least 5 years of experience as an environmental safeguards specialist, with a Master's degree or higher in environmental policy, natural resource management, climate change, or a related area. He/she must have at least two years of experience in REDD+ environmental safeguards. Experience in preparing Initial Environmental Examinations and Environmental Monitoring Plans is required. The expert will:

- (i) Coordinate environmental safeguards related activities and ensure that EARF guidelines are applied in project activities;
- (ii) Prepare environmental management plans and review Rapid Environmental Assessment (REA) of activities;
- (iii) Prepare Initial Environmental Examinations (IEEs) for activities that are determined as category B for environment, as per ADB's SPS 2009;
- (iv) Provide technical guidance and strengthen capacity of staff at district and FMU levels in all aspects of environmental management;
- (v) Guide preparation of UKL-UPLs and SPPLs of project activities and prepare strategy to effectively submit environmental assessment documents and environment permits (if necessary) to the concerned government offices and the ADB;
- (vi) Consolidate progress and monitoring report on the environmental safeguards; and
- (vii) Work closely with CSO working on environmental issues

**23. National Stakeholder Communication and Public Relations Specialist** (30 pm, intermittent): The expert will have at least 5 years of experience as a communications specialist, with a Bachelor's degree or higher in communications, journalism, public policy or a related area. He/she must have exposure to REDD+ communications. Experience as a public relations specialist for a project or organization is preferred. The expert will:

- (i) Assume overall responsibility for refinement and implementation of stakeholder communication strategy (SCS);
- (ii) Disseminate project related information via project web site and other means (e.g., TV, radio, newspapers), in collaboration with spatial data management specialist;
- (iii) Identify, develop, distribute and evaluate a variety of project communication materials (e.g., fact sheets, brochures, press releases, newsletters) targeting different groups of stakeholders;
- (iv) Support the project team in workshops and other training activities;
- (v) Guide installation and use of communication equipment to facilitate communication across various levels of the government;
- (vi) Collaborate with local media and contribute to branding and promotion of the project, in cooperation with the FMU business development and market promotion specialist.
- (vii) Monitor and evaluate the effectiveness of media on a regular basis to enhance the effectiveness of SCS; and
- (viii) Support knowledge management and information exchange activities.

**24. National Procurement Specialists** (2 persons, 20 pm each, intermittent): The consultants will have at least 5 years of experience as procurement specialist, with a Bachelor's degree or higher in engineering, business administration, commerce or a related area. Experience with procurement in forestry-related institutions is preferred. One of the specialists will focus on procurement at FMU level and the other will focus on procurement at national and provincial levels. The experts will:

- (i) Assume responsibility for compliance of procurement with the government and ADB guidelines, and in cooperation with Procurement Service Unit (PSU) and

- Electronic Procurement Service of the MOEF, and provincial and district forestry offices;
- (ii) Coordinate with other experts of PISU, executing agency (official commitment maker (Pejabat Pembuat Komitmen – PPK), and proxy of budget user (Kuasa Pengguna Anggaran – KPA) in preparing procurement plan;
  - (iii) Develop guidelines for procurement of goods, services and contracting;
  - (iv) Prepare documents for procurement and contracting processes at national level, and review documents prepared by the PSU;
  - (v) Supervise procurement at the district and village level; and
  - (vi) Conduct training on procurement of goods and services to staff at various levels.

**25. National Financial Management and Administration Specialists** (2 persons, 30 pm each, intermittent): The consultants will have at least 5 years of experience as a financial management specialist, with a bachelor's degree or higher in finance, commerce, accounting, business administration or a related area. Previous experience in working with forestry related institutions in Indonesia is an advantage. The specialists will share the work at national, provincial and FMU levels depending on the workload. The experts will:

- (i) Assist EA in financial planning, budgeting and accounting (related to the RKAKL work plan and budget);
- (ii) Coordinate with the Director General of the Department of Treasury on finance issues, in management of the FIP grant, replenishment and filing of information related to Bank Accounts at Reksus government account at Bank Indonesia;
- (iii) Process the disbursement of funds and record all financial transactions in accordance with ADB and government procedures;
- (iv) Verify evidence of project expenditures, and prepare periodic financial statements to the proxy of budget user (KPA) in a timely manner;
- (v) Cross check data on grant disbursement from RKBI, from the letter of fund disbursement, and from the MDS Client Connection application on the Financial Management Report system (software), and prepare the Interim Financial Reports for withdrawal application purposes;
- (vi) Conduct training on financial procedures and regulations to staff at various levels;
- (vii) Support the EA in preparing an Activity Implementation Report of Grants to BAPPENAS each quarter, primarily related to finance issues;
- (viii) Monitor implementation of the project finance per category and per component;
- (ix) Resolve issues related to management of the grant at central and local levels;
- (x) Collect data and cross check financial data for the Annual Report/Financial Statement Special Account, which may be required for audits by BPKP and ADB
- (xi) Maintain complete and transparent documentation of all financial data;
- (xii) Support KLHK in preparing periodic and monthly reports for ADB IFR about Sources and Uses of Funds; and
- (xiii) Coordinate with Treasury General and ADB in financial reporting to the FIP.

**26. National REDD+ Village Coordinators** (2 persons, 60 pm each, continuous): The village coordinator will have at least 5 years of experience in forest villages of West Kalimantan, with ability to build consensus among villages on forestry issues. He/she must have ability to understand project's objectives to involve communities in efforts to reduce deforestation and forest degradation. The facilitators should be familiar with forestry challenges in various FMUs in West Kalimantan. The facilitators, under direct guidance of the team leader, will:

- (i) Coordinate technical and administrative support for REDD+ activities in assigned villages to ensure timely implementation;
- (ii) Monitor progress against project implementation schedule and prepare periodic progress reports;
- (iii) Support forest inventories and assessments in FMUs and assess FMU plans to identify areas for forest restoration;
- (iv) Advise on the collection and analysis of all data relevant to forest management;
- (v) Facilitate implementation of guidelines for environmental protection and biodiversity conservation, and for delineating areas that require special protection;
- (vi) Advise local communities on conservation, reforestation, ecosystem restoration and proposed ecotourism plans;
- (vii) Support preparation of guidelines for site and species selection for community restoration of denuded and degraded forest areas;
- (viii) Ensure timely supply of best possible quality of planting stock of indigenous tree species and NTFPs for restoration, enrichment planting and livelihood opportunities; and
- (ix) Work closely with other experts/specialists.

27. **National REDD+ Village Facilitators** (7 persons, 60 pm each, continuous): The facilitators will have at least 5 years of experience in one or two assigned villages, with a good understanding of forestry related issues. He/she must have ability to build consensus among village communities. One village facilitator will cover 2-3 villages. The facilitator, under the guidance of REDD+ village coordinator and the team leader, will:

- (i) Support the overall planning and implementation of REDD+ activities in assigned villages, in close consultation with local communities and the consulting team;
- (ii) Schedule training activities and workshops based on consideration of availability of local communities and specific circumstances of the villages;
- (iii) Support field visits of staff of EA, IAs and ADB;
- (iv) Monitor progress of activities in assigned villages against project implementation schedule and submit periodic progress reports and technical reports at village level;
- (v) Support efforts to select sites and species for community restoration of forest areas; and
- (vi) Support capacity building activities aimed at local communities.

28. **National Project Administration and Accounting Assistants** (5 persons, 60 pm each, continuous): The consultant will have a relevant qualification in accounting, commerce or related area, and at least 2 years of experience as administration assistant. Sound knowledge of administration and accounting procures in Indonesia is required. One assistant will be based in Jakarta, while the others will be based in FMU offices in Kapuas Hulu and Sintang districts. The assistants will:

- (i) Support all project-related administration matters, including maintenance of project records, attendance lists, mission clearances, securing visas for consultants, assistance with getting quotations, tracking deliveries, etc.;
- (ii) Provide logistic support to organize workshops and training activities, including letters of invitation, documentation;
- (iii) Maintain project accounts properly, including petty cash registers;

- (iv) Send financial reports (budget realization report, balance sheet and notes to the financial statements) regularly on a timely basis to the EA and IAs, following standard regulations of the government;
- (v) Verify project-related expenditures systematically and consolidate all transactions; and
- (vi) Prepare a report on implementation of Kuasa Pengguna Anggaran accounting to higher authorities periodically on a timely basis.

**Table 1: List of Consultants Inputs**

<b>Key Experts</b>	<b>Inputs (PM)</b>
<b>International</b>	
International REDD+ and SFM Specialist	10
International REDD+ Economics and Fiscal Policy Specialist	5
International REDD+ Monitoring, Reporting and Verification (MRV) Specialist	5
<b>Subtotal (International)</b>	<b>20</b>
<b>National</b>	
National REDD+ Specialist and Team Leader	60
National SFM (Agroforestry and Assisted Natural Regeneration) Specialist	30
National REDD+ Economics and Fiscal Policy Specialist	30
National REDD+ MRV Specialist	30
National REDD+ Safeguards Information System Specialist	30
<b>Subtotal (National)</b>	<b>180</b>
<b>Total Key Experts</b>	<b>200</b>
<b>Non-Key Experts</b>	
National REDD+ Capacity Building Specialists (3 persons, 45 pm each)	135
National Land Use and Spatial Data Management Specialist	30
National Forest Fire Management Specialist	20
National FMU Business Development and Market Promotion Specialist	20
National Community Empowerment Specialist	30
National Monitoring and Evaluation Specialist	30
National Social Safeguards Specialists (2 persons, 30 pm each)	60
National Forest Conflict Management Specialist (2 persons, 20 pm each)	40
National Gender and Social Development Specialist (2 persons, 20 pm each)	40
National Environmental Safeguards Specialist	30
National Stakeholder Communication and Public Relations Specialist	30
National Procurement Specialists (2 persons, 20 months each)	40
National Financial Management and Administration Specialists (2 persons, 30 pm each)	60
National REDD+ Village Coordinators (2 persons, 60 pm each)	120
National REDD+ Village Facilitators (7 persons, 60 pm each)	420
National Project administration and accounting assistants (5 persons, 60 pm each)	300
<b>Total Non- Key Experts</b>	<b>1,405</b>
<b>TOTAL INPUTS</b>	<b>1,605</b>

## SECTOR ASSESSMENT (SUMMARY): Agriculture, Natural Resources and Rural Development Sector (Forestry Sub-Sector)<sup>1</sup>

### Sector Road Map

#### 1. Sector Performance, Problems and Opportunities

1. Indonesia's territory covers an area of 190 million hectares (ha) with a population of 252 million (2014). There are about 32,000 villages in and around forest boundaries. About 50-60 million people live in the forest land. By 2013, nearly 55 percent of the population remained dependent on land for their subsistence. Forestry provides a major source of employment (3.76 million workers in 2010) in Indonesia – including timber harvesting, wood, pulp and paper processing, as well as furniture making. The range of benefits provided by Indonesia's forests extends far beyond forest products and employment. They provide habitats for 17% of the world's bird species, 16% of reptiles and amphibians, 12% of mammals, and 10% of plants. They protect freshwater supplies and regulate the speed of river flows. They provide vital ecosystem services, including watershed protection and water regime quality, soil fertility, flooding and erosion control, and maintenance of game habitat and fisheries.

2. Indonesia used to be densely forested, but 40% of the forests were lost between 1950 and 2000. Forest cover fell from 162 million ha to 94 million ha. Still, Indonesia holds the third-largest area of tropical forest. About 133 million hectares has been classified as 'forest estate' by the Ministry of Environment and Forestry (MOEF).<sup>2</sup> The forest estate represents areas ranging from primary forest, agricultural land, and roads to human settlements. The Forest Estate is zoned as permanent forest for production, protection and conservation purposes, and convertible production forest which may be allocated for other purposes such as estate crops, agriculture, mining and settlement. The forestry's share of the GDP has declined in the last 50 years, but it still provides income for the majority of households. Smallholder production and industrial forestry are each estimated to contribute around 3-4% of GDP.

3. Indonesia operates with a dual system of land control creating overlapping regulations and guidelines, and ambiguous provisions regarding management and administration of land and land-based natural resources. This is due to continued administrative separation between the MOEF and the National Land Agency (BPN) with respect to land. In addition, there are customary (*Adat*) rights to land which are adhered to by large numbers of the general population and landholders. The multiple claims to land weaken spatial planning processes at different levels of government and across sectors, making them mostly inconsistent with each other. The complex tenure arrangements and lack of protection and recognition of customary rights make land, and associated natural resources, a source of conflict. This needs to be addressed, for the long-term development of small and marginal landholders and forest dependent communities and for broader national growth and sustainable natural resource management.

4. Indonesia's annual greenhouse gas (GHG) emissions caused by deforestation, forest degradation and peat decomposition are estimated to be between 320 and 430 million tons of carbon dioxide equivalent (CO<sub>2</sub>e) between 2001 and 2012.<sup>3</sup> The government has prioritized

<sup>1</sup> This summary is based on forest investment plan for Indonesia (2012). (Available on request).

<sup>2</sup> Administratively, forest estate is managed by MOEF, while the remaining non-forestland area is managed by BPN.

<sup>3</sup> This value is from the 2014 submission by Indonesia to UNFCCC on National Forest Reference Emission Level for deforestation and forest degradation. There are varying figures on emission reduction. Other studies show that in 2005, Indonesia's emissions from forestry accounts for 850 million tCO<sub>2</sub>e or 38 percent of Indonesia's total emission, estimated at 2.3 Gt CO<sub>2</sub>e. The emissions were a result of deforestation (562 million tCO<sub>2</sub>e), forest degradation (211 million tCO<sub>2</sub>e) and forest fire (77 million tCO<sub>2</sub>e). It is anticipated that the current rate of deforestation (0.8 million ha) and degradation (1 million ha) will account for emissions of 850 MtCO<sub>2</sub>e until 2030.

reducing GHG emissions by 29% below business as usual by 2030. To achieve the targets, the National Planning Ministry (BAPPENAS) has identified forests and peat land as one of six key sectors, and set emission reduction targets of 0.672 GtCO<sub>2</sub>e and 1.039 GtCO<sub>2</sub>e respectively.

5. There are several drivers of deforestation and forest degradation in various parts of Indonesia. For example, in West Kalimantan, the key drivers include (i) commercial logging, (ii) forest conversion to agriculture, (iii) mining (primarily coal and gold), and (iv) uncontrolled fires. The underlying causes of deforestation and forest degradation include: (i) inconsistent and inadequate spatial planning (due to limited accurate data to inform regional spatial plans), (ii) unclear land use rights and conflicts, and (iii) weak governance. These issues are illustrated in the problem tree. Uncoordinated sectoral development planning, overlapping permits in forest areas, weak spatial planning capacity, limited site level forest management oversight, contradictory regulations and laws, irrational fiscal incentives, inadequate law enforcement, and lack of inclusive and participatory processes contribute to weak institutional governance. Lack of clear tenure arrangements is a key barrier to sustainable and equitable use of forest land.

6. The risk of forest fire is increasing in Kalimantan with forest clearance and impacts of climate change, including El Nino-induced droughts. Climate change, which is manifested mainly through increased temperatures, low rainfall in dry season and high precipitation in wet season, is expected to increase the risk of forest fires, droughts and floods respectively. The rise in forest fire risk will have adverse implications on human health and biodiversity loss.

7. Indonesia has embraced the concept of reducing emissions from deforestation and forest degradation (REDD+) as a means to mitigate emissions while creating incentives for the needed structural and sectoral reforms. Key levers for addressing REDD+ preparedness and REDD+ implementation include institutional strengthening, land use planning, community development, and strengthening of forestry enterprises. Investments in these areas should provide a number of important economic and socio-cultural benefits, including the following:

- Better recognition of legitimate rights to land, leading to decline in competing land claims and land-related conflicts.
- Increased investment in degraded areas, enhancing their contribution to poverty reduction, timber production and environmental services.
- More transparent and equitable sharing of forest benefits, including REDD+ benefits.
- Enhanced investment climate, which provides more business stability and a stronger basis for future growth.
- More effective local community participation in planning processes and strengthened negotiating capacity and local participation in governance platforms
- Contributions to local economies by providing livelihoods to communities living in the vicinity of forest areas, and
- Enhanced access to non-timber forest products and other forest benefits.

## **2. Government's Sector Strategy**

8. The legal framework for managing state forestlands and the status of forest resources are: Indonesia's Constitution Article 33, which establishes the basis of state authority over land and natural resources; and the Basic Forestry Law (UU No. 41/1999), which states the basic principles and objectives of forestry administration. The basic principles and objectives in these frameworks are supportive of REDD+ and include: (i) Planning: private, public, and community rights; (ii) Management to regulate private and public involvement; (iii) Research and development, education, and forest extension; and (iv) Monitoring.

9. The Forestry Long Term Development Plan for 2006 – 2025<sup>4</sup> sets the vision for the forestry sector development as ‘forestry as a pillar for sustainable development by 2025’. One of the goals of the 20-year plan is to improve social welfare and raise society’s active role in supporting responsible and equitable forest management. In recent years, REDD+ has become a focus of forest policy development.

10. In Law No. 41, forest management is enabled through the use of forest management units (FMUs). FMUs are responsible for developing, implementing, and/or overseeing site level forest governance and management; including preparing participatory plans, enforcing forest regulations such as forest fire control and other illegal practices, and negotiating with local communities on issues such as land use rights and forest access. FMUs are placed under the authority of sub-national governments, increasing the accountability to local stakeholders. In 2007, the government passed a legislation to prioritize FMUs and the safeguarding of the public function of forests. This resulted in the overlaying of 600 FMUs over the whole Forest Estate. Bappenas informed MOEF that the budget is conditional on achieving KPH implementation targets – a requirement referred to as “no KPH no budget”. The transition to a decentralized management regime for forests remains central to the mission of the new MOEF, as noted by the current Minister when presenting the priorities for the sector. A priority of the RPJMN is to have operational 340 KPH by the end of the current Government term.

11. Specific articles in Law 41 ensure that there is sufficient space for communities, either local or customary. Among others, the following articles are worth citing: (i) GOI is obliged to encourage people’s participation through various effective and efficient forestry activities and to effect this participation through assistance from a stakeholder forum (to this end, the National Forestry Council was formed); (ii) customary law communities, as long as they exist and are recognized, have the rights to: collect forest products for daily needs, undertake forest management under customary laws (that do not contradict national laws), and be empowered for improving their welfare; (iii) communities can utilize forest and forest products and be informed about plans for forest allocation, forest product utilization and forestry information; (iv) communities have the right to compensation for losing access to their forests due to designation as forest area, in accordance with prevailing laws and regulations; and (v) communities are obliged to participate in maintaining and preventing forest areas from disturbance and damage and can seek assistance and guidance in this task even from third parties.

12. The Constitutional and Supreme Court decisions -- MK45/2011; MK35/2013; MA47P/Hum/2011 (23 December 2013) -- changed the perception and legal basis for the authority of the MOEF over the nominated Forest Estate. These decisions require the government to formally gazette forest land prior to legal recognition as state forest land, recognize the legitimacy of *Adat* communities to land title, and clarify the retrospective nature of nominal forest land. Accordingly, to support sustainable management of forests, it is important to effectively implement institutional models, like KPHs, that can work in partnership with local stakeholders including *Adat* communities is important.

13. REDD+ is a key component of the National Action Plan to Reduce GHG Emissions (*Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca, or RAN GRK*) with six relevant strategies: (i) reduce deforestation and forest degradation to reduce GHG emissions; (ii) increase forest plantation areas to improve GHG absorption; (iii) enhance the protection of forest from fires and illegal logging, and improve Sustainable Forest Management; (iv) improve water and watershed management and stabilize the water levels in peat areas; (v) optimize land

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<sup>4</sup> Ministry of Forestry. 2006. Indonesia’s Forestry Long Term Development Plan 2006 – 2025.

and water resources; and (vi) apply land management technology and cultivation with low emissions and optimal absorption of CO<sub>2</sub>. The RAN GRK is implemented by Ministerial level agencies. At sub-national level the RAN GRK is implemented by provincial governments.

14. The National REDD+ Strategy, issued in June 2012, is a part of RAN GRK. The Strategy has been developed through a consultative process with multiple stakeholders and places emphasis on addressing underlying drivers of deforestation while improving the livelihoods and security of forest-dependent communities, and enhancing the protection of biodiversity. The Strategy emphasizes efforts to reform governance in forestry and spatial planning related to forests and peatlands. The document notes that REDD+ requires clear spatial plans and a system of secure land tenure to enable clear attribution of rights and responsibilities over forested areas. This will also improve the security and sustainable livelihood opportunities for local communities. In addition to the National REDD+ Strategy, significant progress has been made in developing Strategy and Action Plans for 11 priority provinces, the REDD+ safeguards approaches and Safeguards Information System (SIS), and a Measurement, Reporting and Verification (MRV) framework.

15. In addition to the National REDD+ Strategy and other REDD+ initiatives at the national level, a number of sub-national REDD+ activities are underway. Most of these are small-scale activities at the project level; others are larger in scale and will test REDD+ strategies at the province or district levels. Several demonstration projects have emerged in parallel with REDD+ readiness activities. As of January 2016, 112 REDD+ demonstration projects have been recorded; 21 are considered official pilot projects or demonstration activities, supported primarily by bilateral donors and other partners.

### 3. ADB Sector Experience and Assistance Program

16. ADB has provided limited assistance (~\$127 million) for conservation and rehabilitation of forests through projects such as (i) mangrove rehabilitation and management in Sulawesi and Aceh provinces, (ii) monitoring performance of sustainable utilization of forest resources by the private sector, and (iii) tropical forest conservation in Flores and Siberut regions in West Sumatra, and Central Sulawesi. A project on sustainable forest management in Kalimantan, funded by Global Environmental Facility and ADB climate change fund is in progress<sup>5</sup>.

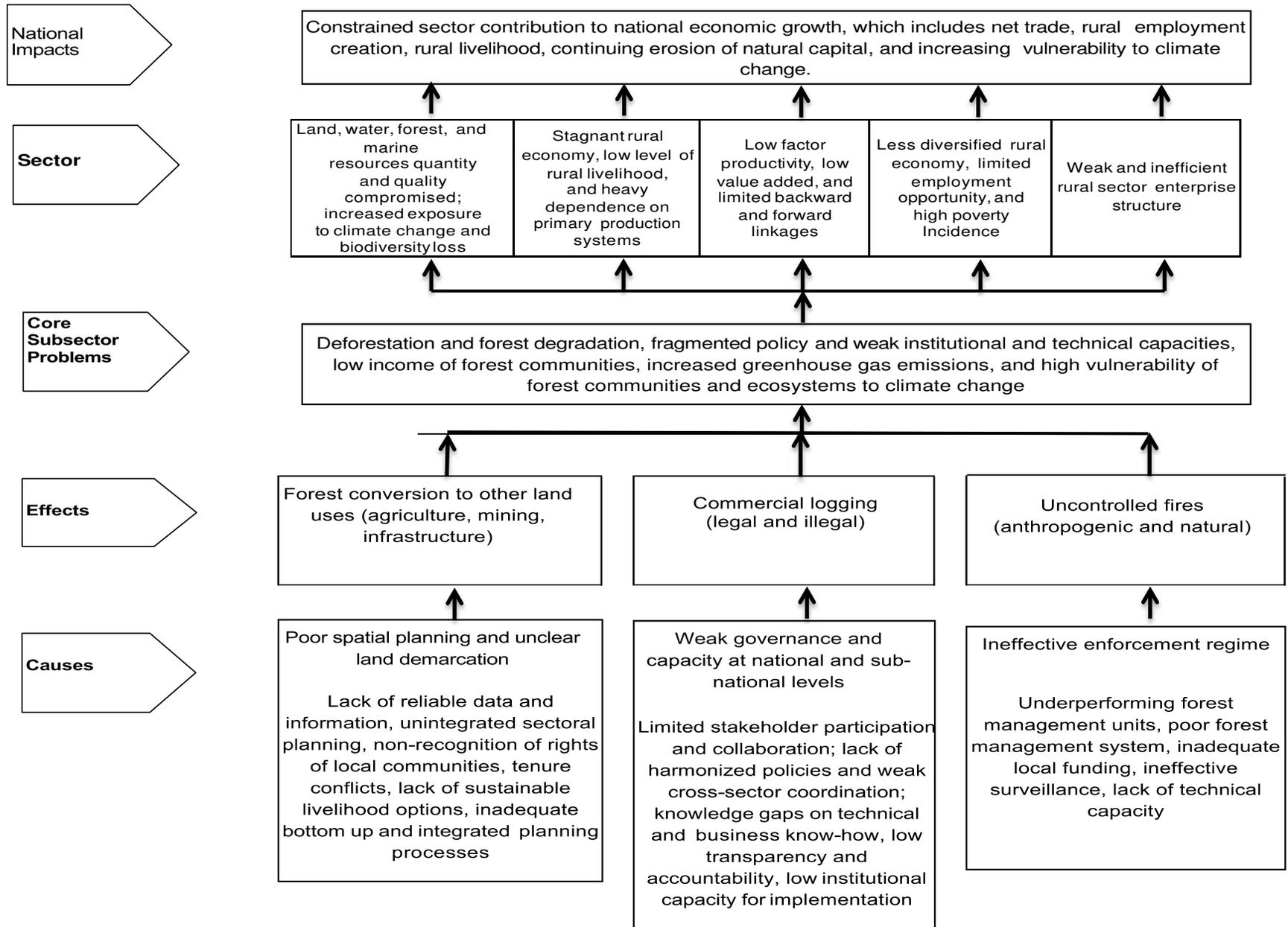
17. In 2012, ADB in cooperation with the World Bank and International Finance Corporation (IFC) assisted the government in preparing a forest investment plan supported by the Forest Investment Program (FIP). The development objective of the Investment Plan is to reduce barriers to sub-national REDD+ implementation and to increase provincial and local capacity for REDD+ and sustainable management of forests. The investment plan will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia's economic development 2011–2025, national action plan to reduce GHG emissions, national REDD+ strategy and West Kalimantan's provincial action plan to reduce emissions.<sup>6</sup> The plan's objectives are closely aligned with the National Medium Term Development Plan 2015-2019, Long-term Forest Management Plan 2015-2019, National REDD+ Strategy, and Heart of Borneo<sup>7</sup> National Strategic Plan of Action 2015-2019.

<sup>5</sup> ADB, 2013. *Technical Assistance to the Republic of Indonesia for Sustainable Forest and Biodiversity Management in Borneo*. Manila. (TA 8331-INO).

<sup>6</sup> Indonesian REDD+ Task Force. 2012. *REDD+ National Strategy*, Jakarta, Indonesia.

<sup>7</sup> The Heart of Borneo (HOB) Initiative is a trans-boundary effort between Brunei, Indonesia and Malaysia to enable conservation and sustainable development that improves the welfare of those living on the island of Kalimantan while minimizing deforestation, forest degradation and the associated loss of biodiversity and ecosystem services.

**Problem Tree for Agriculture, Natural Resources and Environment Sector (Forestry Subsector)**



## SECTOR RESULTS FRAMEWORK (AGRICULTURE, NATURAL RESOURCES AND RURAL DEVELOPMENT, 2016–2019)

Country Sector Outcomes		Country Sector Outputs		ADB Sector Operations	
Outcomes with ADB Contribution	Indicators with Targets and Baselines	Outputs with ADB Contribution	Indicators with Incremental Targets	Planned and Ongoing ADB Interventions	Main Outputs Expected from ADB
<p>Food security and rural incomes increased</p> <p>Water availability increased, from enhanced bulk water sources</p> <p>Economic and social damages due to floods reduced in 63 river basin territories of Indonesia.</p> <p><b>Forest and marine resources enhanced and resilience improved</b></p>	<p>Total production of rice from rain-fed and irrigated crops increased to 82.0 million tons by 2019 (2014 baseline 70.6 million tons)</p> <p>Hectares of irrigation systems in acceptable or better condition increased to 7.3 million by 2019 (2015 baseline 3.8 million)</p> <p>Food energy intake of the population increased to 2,150 kcal/capita/day (2014 baseline: 1,967 kcal/ capita /day)</p> <p>Total reservoir capacity increased to 19.0 billion m3 by 2019 (2014 baseline: 15.8 billion m3)</p> <p>Additional hectares protected from flood risk increased to 200,000 hectares by 2019 (2015 baseline 2015: 0 hectares)</p> <p><b>Hectares of forest under FMU management increased to 84 million by 2019 (2015 baseline: 16 million hectares)</b></p> <p>Hectares of MPA managed to regulated Green standard increased to 2.75 million by 2019 (2010 baseline: 13.5 million hectares)</p>	<p>Infrastructure and management of irrigation systems improved in 16 target provinces</p> <p>Aquaculture production and value chain systems in target districts upgraded</p> <p>Reservoir storage capacity and operation improved.</p> <p>Critical watershed areas rehabilitated</p> <p>Flood protection management and infrastructure improved in two river basins as per FRMP</p> <p><b>Improved institutional framework for protection of forest and marine resources through FMUs and MPAs</b></p>	<p>Additional hectares served by improved irrigation systems reach 750,000 ha by 2019 (2015 baseline: 0 ha)</p> <p>Annual rate of increase in aquaculture products reach (TBA%) by 2019 in target districts (2015 baseline: 0%)</p> <p>Additional water storage capacity reaches 750,000 m3 by 2019 (2015 baseline: 0 m3)</p> <p>Additional hectares under improved land management in upper river basins reach 60,000 by 2019 (2015 baseline: 0 hectares)</p> <p>Additional hectares of land in the project basins protected by flood management measures reach 20,000 by 2019 (2015 baseline: 0 hectares)</p> <p><b>Number of FMUs implementing forest management plans reach 20 by 2019 (2014 baseline: 0)</b></p> <p>Number of marine protected area management plans that are endorsed reach at least 10 by 2019 (2014 baseline: 0)</p>	<p><b>Planned key activity areas:</b> Irrigation, drainage, and flood protection; <b>forestry</b>; water-based natural resource management</p> <p>i) \$1,776 million for 2015-2017, 21% of total COBP envelope, of which: ESG = 100%, GEM = 100%</p> <p>ii) \$47.50 million 2012–2014, 1% of total CPS envelope, of which: ESG = 100%, GEM = 100%, RCI = 100%</p> <p><b>Pipeline projects with estimated amounts</b></p> <p>i) Enhanced Food Security Infrastructure Investment RBL (\$1,100 million)</p> <p>ii) Enhanced Water Security Infrastructure Investment RBL (\$350 million)</p> <p>iii) Flood Management in the Selected River Basins Project (\$108.7 million)</p> <p><b>iv) Community-Focused Investments to Address Deforestation and Forest Degradation (\$17 million)</b></p> <p>v) Aquaculture RBL \$200 million</p> <p><b>Ongoing projects with approved amounts</b></p> <p>i) Integrated Citarum Water Resources Management Investment Program-Project 1 (2008, \$103.4 million)</p> <p>ii) Coral Reef Rehabilitation and Management Program-Coral Triangle Initiative (2013, \$66.66 million)</p>	<p>i) About 200,000 ha of irrigation schemes under central jurisdiction &amp; 245,000 ha of irrigation schemes under regional governments upgraded.</p> <p>ii) 30 districts with improved aquaculture production and value chain systems</p> <p>iii) 2 major river basin territories with reduced flood risks, covering an area of 20,000 ha</p> <p>iv) 20,000 ha of improved land management in upper river basins</p> <p><b>v) At least 4 FMUs supported through REDD+ pilots</b></p> <p>vi) An additional 2 million hectares of marine protected areas managed by 2019</p>

ADB = Asian Development Bank, CPS = country partnership strategy, COBP = Country Operations Business Plan, FMU = Forest Management Unit, FRMP = flood risk management plan, ha = hectare, m3 = cubic meter, MPA = Marine Protected Area, ESG = environmentally sustainable growth, GEM = gender equity and mainstreaming, PSD = private sector development, RBL = Results-based Lending modality, Rp = Indonesian rupiah, RCI = regional cooperation and integration

## **DEVELOPMENT COORDINATION**

### **A. Major Development Partners: Strategic Foci and Key Activities**

1. Support from development partners for reducing emissions from deforestation and forest degradation (REDD+) in Indonesia is widespread. The Government of Norway is one of the pre-eminent international donors. In May 2010, Indonesia signed a Letter of Intent with Norway to enter into a performance-based initiative for REDD+. The Norway-Indonesia REDD+ Partnership will offer up to \$1 billion to Indonesia for success in reducing deforestation and forest degradation. It establishes a phased program of action, focusing first on establishment of a national strategy, a management agency, an agency for Measurement, Reporting and Verification (MRV), a pilot province for REDD+, and a financing instrument. In the first phase (2010-2012), funds were spent on developing Indonesia's National Strategy of REDD+ and establishing initial enabling policies. Phase Two focuses on preparing Indonesia for the contributions for verified emissions reductions and implementing the province-wide pilot in Central Kalimantan. In the final phase, the contributions for reductions mechanism will be implemented nationally. Funding is expected to be distributed over a 7-8 year period, with most of the funds tied to the verified emissions reductions.

2. Australia has one of the oldest bilateral REDD+ initiatives in Indonesia: the Indonesia-Australia Forest Carbon Partnership. This effort included support in MRV development through the Indonesia National Carbon Accounting System and the Forest Resource Information System. The Indonesia-Australia Forest Carbon Partnership also supported large-scale REDD demonstration actions in Central Kalimantan. In the initial period, the project aimed to avoid deforestation of 50,000 hectares of peat swamp forest and rehabilitate an additional 50,000 hectares of degraded peatland to create a buffer around the existing forest and reduce further degradation.

3. The United Nations Collaborative Initiative on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD) collaborated with BAPPENAS on a series of national and regional stakeholder consultations as part of the development of the National REDD+ Strategy. In October 2010, the UN-REDD also selected Central Sulawesi as a pilot province to prepare and test strategies for REDD+ implementation.

4. The US Agency for International Development funds the Indonesia Forest and Climate Support project to assist Indonesia in conserving the country's forests, wildlife, and ecosystem services. The project is expected to result in benefits including: a 50% reduction in the rate of forest degradation and loss for six million hectares; improved management of 3.5 million hectares; a 50% reduction in greenhouse gas emissions; a 20% increase in financial resources for forest management, increased transparency, and access to information to strengthen capacity of government, civil society and the private sector; and low carbon growth development strategies piloted in eight districts. These goals will be achieved through land and forest governance activities, improved forest management and conservation, and private sector involvement and market development.

5. The Japan International Cooperation Agency (JICA) began a five-year project on Capacity Building for Restoration of Ecosystems in Conservation Areas. The project aims to strengthen the capacity of relevant stakeholders for ecosystem restoration. Target areas are degraded ecosystems in five national parks in South Sumatera, West Java, Sumba Island, Yogyakarta and Central Java, and East Java. The project will build on knowledge and technologies developed for other activities, as well as indigenous and traditional knowledge.

The work will include development of an institutional framework for restoration of degraded land in conservation areas and preparation and implementation of restoration actions in project sites.

6. The German Agency for International Cooperation (GIZ) has provided technical assistance for the establishment of three forest management units (FMUs), located in Kapuas Hulu (W. Kalimantan), Berau and Malinau (E. Kalimantan). GIZ also supports in developing strategies to roll out the FMU program, develop human resources needed for FMU management, and advises on the development of relevant regulations. GIZ and the Forest Carbon Partnership Facility of the World Bank support the development of Safeguards Information System for REDD+. A web-based information system is under development for the integration of the SIS.

7. The REDD+ Support Facility (RSF), supported by Norway and Denmark (DANIDA), was created in October 2013. The RSF is the formal support structure that provides technical assistance and support on a wide range of activities – with an emphasis on institutional and capacity building, technical assistance for Fund for REDD+ Indonesia structure and framework. Key Support of the RSF focuses on supporting the development of REDD+ programmatic approach for REDD+ Strategy implementation at national and subnational level, and carrying out analytical work on relevant issues necessary for the program implementation. It would also leverage global resources by linking up existing and potential initiatives with Fund for REDD+ Indonesia and to help speed up the REDD+ Strategy implementation in Indonesia.

8. The Harapan Rainforest (HRF) is a joint initiative of a consortium of Burung Indonesia, Bird Life International and the Royal Society of Protection of Birds, and is funded by DANIDA's Phase 3 Environment Support Program. It is the first project in Indonesia to be implemented under an Ecosystem Restoration Licence, allowing management of production forest for restoration - rather than logging. HRF aims to restore 100,000 ha lowland forest in Sumatra, one of the most bio-diverse and threatened forest habitats in the world.

9. World Bank's support to the forestry and REDD+ over the last years included FCPF, a study on Benefit Sharing and Customary Land Rights in Forest Areas Schemes for Indigenous People, and Central Kalimantan Land Governance Assessment Framework. The Land Governance Assessment Framework study identified and generated consensus on priority issues and related actions to boost the contribution of the land sector to the socio-economic development of the province, through REDD+ work, and reduce land related disputes. The study reviewed land use and land governance in Central Kalimantan. Another World Bank grant for Improving Governance for Sustainable Indigenous Communities in Forested Lands is being implemented by AMAN (*Aliansi Masyarakat Adat Nusantara*/The National Indigenous Peoples' Alliance of the Archipelago) and focuses on improving the livelihoods of 250 indigenous communities located in 10 main forest provinces, and to improve the capacity of indigenous communities to participate in, and benefit from, national and international forest policy developments.

## **B. Institutional Arrangements and Processes for Development Coordination**

10. Consultations with development partners are conducted regularly to exchange views on key policy issues, review best practices, share lessons, and coordinate ongoing and future programs. MOEF is responsible for the implementation of the project's expected outcome. To support the expected outcome, there should be strong coordination and synergy between the project team and MOEF in national, sub-national, district/FMU and local level. Coordination with forestry agency in province and related provincial government will be critical to the success of project implementation.

11. Coordination among the FIP projects: The FIP steering committee headed by MOEF shall provide oversight for the project and coordinate REDD+ policy priorities across various ministries, and provide coordination among the FIP supported engagements by ADB, World Bank (promoting sustainable community based natural resource management and institutional development) and International Finance Corporation (strengthening forest enterprises to mitigate carbon emissions).

12. Coordination for Joint Implementation with other donors: Several REDD+ activities are already being implemented in both Kapuas Hulu and Sintang districts and use FMU as entry point, such as by the GIZ-FORCLIME project or TFCA Kalimantan, JICA and CIFOR. The project will proactively collaborate with these development partners.

### **C. Achievements and Issues**

13. During project processing, ADB missions met regularly with DFID, JICA, GIZ, and others to coordinate ongoing and planned activities in Indonesia, and also discuss possible cofinancing for the project. The coordination has resulted in a common understanding on approaches to implement REDD+ with proactive involvement of local communities. Coordination has contributed to exploring synergies and avoiding duplication for more effective external assistance. For example, GIZ-FORCLIME project in Kapuas Hulu welcomed our idea to have a joint effort for MRV, considering that the baseline for MRV should be common to both projects.

### **D. Summary and Recommendations**

14. With the large and growing pool of REDD+ initiatives and partners that conduct activities in Indonesia, there is a need to have a better understanding and alignment with each other and for government institutions to have an informed overview as well as lessons to be learned. Development partners such as Australia, Denmark, Germany, Japan, Norway, and USA have long supported the forestry and climate change efforts of the government and the West Kalimantan province. The project will collaborate with these initiatives and build on successful experiences (Annex 1). For example, the project can collaborate with FCPF in improving REDD+ Safeguards Information System, and with REDD+ support facility by Denmark and Norway in providing advisory services for West Kalimantan province. The project will complement the FIP projects administered by World Bank and International Finance Corporation. The project will also coordinate with the FIP Dedicated Grant Mechanism for Indigenous People and Local Communities, which aims to support capacity and institutional building aspects for the local communities, so that they can participate in REDD+ policy dialogue and pursue sustainable forest management based on their customary practices. The project will establish a sound base for performance-based REDD+ payments by promoting strong synergies with projects of other development partners.

15. Coordination arrangements to synergize and harmonize REDD+ work on the ground are critical to: (i) scale up the project impact or bridging the gaps from different approaches to achieve a common goal; (ii) learn lessons, understand common problems and success factors, to catalyze achieving maximized development impacts, (iii) provide additional resources, information and added value and (iv) institutionalize the achievements and help sustain the benefits. Joint efforts and events can be conducted with the goal of influencing the policy makers and donors. Joint presentations and exhibitions can be implemented or media briefs and press conferences at influential events can be launched.

### Lessons Learned from Other REDD+ Initiatives

Lessons Learned	Integration into CFI-ADD+ Project Design
<b>Community Engagement, Empowerment and Stakeholder Involvement</b>	
<p>Engagement of local communities is challenging and requires additional analysis, resources and institutional coordination. Earning and maintaining the trust of forest communities is critical.<sup>/1, /2</sup></p>	<ul style="list-style-type: none"> <li>• To achieve the objectives of pro-poor REDD+, a Community Engagement Process Framework and a Community Action Plan focusing on improving livelihoods and tenure strengthening will be prepared.</li> <li>• Customary use rights to natural resources will be recognized and integrated into project implementation.</li> <li>• Local communities will be given sufficient opportunities or support to meaningfully participate in project design.</li> <li>• Efforts will be made to ensure that project activities are built on local and indigenous knowledge of communities.</li> </ul>
<p>Community-focused investments can help to stabilize forest cover quickly.<sup>/6</sup></p>	<ul style="list-style-type: none"> <li>• Opportunities to build local community assets and promote livelihoods through ecotourism, non-timber forest products, provision of basic services to access water, energy and markets will be identified during project design and supported during project implementation.</li> <li>• Opportunities to establish community-based forest enterprises will be explored during project design.</li> </ul>
<p>Equity aspects should be mainstreamed in project design, with adequate grievance and monitoring mechanisms.<sup>/9</sup></p>	<ul style="list-style-type: none"> <li>• Procedures for identification and tracking of most vulnerable forest communities, including women, will be mainstreamed into project design and implementation.</li> <li>• Opportunities to improve food security and nutrition of forest communities will be incorporated into project design and implementation.</li> <li>• Satisfactory community grievance and monitoring mechanisms will be integrated into project design.</li> </ul>
<p>REDD+ initiatives should include affirmative action focusing on women and other disadvantaged groups. Proactive participation of women and gender mainstreaming, with a focus on women's rights, is critical for successful implementation of REDD+ projects.<sup>/9</sup></p>	<ul style="list-style-type: none"> <li>• Stakeholder consultations will include separate sessions with women and use a rights-based approach.</li> <li>• A gender action plan, including an annual gender assessment, will be prepared to target women's participation and identify activities that provide benefits to women.</li> <li>• Women facilitators with appropriate language skills will be engaged to reach out to different ethnic groups during project implementation.</li> <li>• Performance targets and indicators will be gender-disaggregated to monitor the impact of project interventions on women.</li> </ul>
<p>Commitment of all stakeholders – especially government, academia and civil society – determines the progress of REDD+ implementation.<sup>/4</sup></p>	<ul style="list-style-type: none"> <li>• Representatives of key stakeholder groups will be closely consulted during project design and implementation to enhance their commitment to the project.</li> <li>• Consultations will be done in local language and the project will be presented in a non-technical manner and facilitated to help stakeholders understand the project's objectives and activities.</li> </ul>
<p>Peculiar demands of REDD+ call for an extended project design phase.<sup>/2</sup></p>	<ul style="list-style-type: none"> <li>• Project feasibility will be assessed as rigorously as possible by a multi-disciplinary team of consultants before project implementation starts.</li> </ul>

Lessons Learned	Integration into CFI-ADD+ Project Design
<b>Capacity Building Issues</b>	
<p>Institutional and technical capacity constraints for implementation of SFM and REDD+ at sub-national level are significant and require substantial resources.<sup>/1</sup></p>	<ul style="list-style-type: none"> <li>• An in-depth assessment of capacity needs and gaps at provincial and district levels will be undertaken and recommendations implemented during the project life cycle by allocating adequate budget and time for strengthening REDD+ capacity at various levels.</li> <li>• Efforts will be made to establish partnerships with academic institutions in West Kalimantan to provide specific training, particularly at district and forest management unit (FMU) levels.</li> <li>• Capacities of provincial and district authorities will be strengthened to facilitate changes in institutional and governance systems that allow for greater involvement of local communities and indigenous peoples in sustainable management of forests.</li> </ul>
<p>Linking sub-national and national initiatives and stakeholders from the early start of activities is crucial.<sup>/4</sup> Motivating both sub-national and national actors will be critical to implement REDD+.<sup>/6</sup></p>	<ul style="list-style-type: none"> <li>• Proactive involvement of provincial and district staff in national initiatives and vice-versa will be ensured through advanced planning, early notification and sufficient budget.</li> <li>• Investments will target stakeholders at all three levels –district (component 1), province (component 2) and national (component 3), although the bulk of investments will be allocated to activities at sub-national level.</li> </ul>
<p>Capacity building for REDD+ is most likely to be effective if training includes field-based activities and follow-up mentoring and coaching once project implementation has commenced.</p>	<ul style="list-style-type: none"> <li>• Capacity building will include training on field-based activities followed by long term mentoring.</li> <li>• Besides technical aspects of forest management (e.g., forest regeneration), local communities and NGOs will be trained in business management, administration and accounting.</li> </ul>
<p>REDD+ pilots illustrate the capacity challenges and need for reform of existing institutional, regulatory and land tenure systems.<sup>/1</sup> It is important to be realistic and flexible since basic questions on REDD+ are not yet answered.<sup>/7</sup></p>	<ul style="list-style-type: none"> <li>• Adequate budget and time will be allocated to enhance capacity of stakeholders (communities and local governments) at sub-national level to address institutional, regulatory and tenure-related barriers.</li> <li>• Almost 60% of total investment will be allocated to pilot activities and capacity building, which will allow the project to use a 'learning by doing' approach to manage expectations and adapt to the changing context of REDD+.</li> </ul>
<p>REDD+ needs to be integrated into cross-sectoral mechanisms (e.g. spatial plan).<sup>/7</sup></p>	<ul style="list-style-type: none"> <li>• Spatial plans in West Kalimantan province will be assessed to complement the national initiative on creating One Map for forest resources management.</li> </ul>
<b>Benefits, Incentives and Livelihood Support</b>	
<p>REDD+ projects must address the underlying drivers for deforestation and degradation and must be compatible with local communities' livelihoods. REDD+ must avoid restricting access to existing livelihood benefits. As carbon credit payments will almost certainly not be an adequate incentive, combination of benefits from other sources will be needed.<sup>/9</sup></p>	<ul style="list-style-type: none"> <li>• Project design will analyse specific drivers of deforestation and degradation and propose activities to address them. For example, communities will be incentivized for effective forest fire management, which can make substantial carbon savings.</li> <li>• Benefit sharing arrangements will be designed in a way that they enhance livelihood of forest-dependent communities in the project area, and provide adequate alternate livelihood benefits if rules imposed to conserve forests result in lost income.</li> <li>• Efforts will be made to improve organizational capacity and skills of communities to enhance social capital and other intangible benefits of REDD+.</li> </ul>
<p>The key to sustainability of REDD+ lies in creating incentives for cooperation.<sup>/3</sup></p>	<ul style="list-style-type: none"> <li>• Several community-focused incentives, including initiatives to increase their income from collection and sale of NTFPs through innovations such as cooperative marketing, will be</li> </ul>

Lessons Learned	Integration into CFI-ADD+ Project Design
	created to improve their livelihood and food security. Other stakeholders will receive incentives in the form of enhanced capacity and communication infrastructure.
In low governance and monitoring capacity environments, the most effective initial benefits may be in capacity building and land tenure assistance, building up to performance-based benefits later. <sup>2</sup>	<ul style="list-style-type: none"> <li>• Capacity-building and clarification of land tenure are integral to implementation of REDD+ pilots.</li> <li>• The design of funding schemes and agreements with local communities will emphasize equitable benefit sharing principles. Third party validation schemes, such as Community and Biodiversity Standards, will be chosen early on and integrated into project design. Project design will ensure that such validation schemes will satisfy interests of both communities and markets.</li> </ul>
Security of tenure benefits will usually take time to deliver. They should not be seen as a substitute for more immediate, highly tangible benefits. <sup>3</sup> Trainings in alternative livelihood activities are considered helpful as they provide new income opportunities and options for the future. <sup>5</sup>	<ul style="list-style-type: none"> <li>• Training will be provided to community institutions in the pilot FMUs on non-timber forest products utilization, value addition, enterprise development and participatory forest management.</li> <li>• A clear assessment of costs and benefits associated with REDD+ will be conducted to identify and provide adequate incentives for community participation. Capture of benefits by elites within communities and outsiders will be avoided.</li> </ul>
<b>Tenure Clarification</b>	
For forest-dependent households, recognition of traditional uses and having the right to control forest access and use is an important benefit. <sup>5</sup> Land tenure clarification is thus critical to encourage effective participation in REDD+. <sup>8</sup>	<ul style="list-style-type: none"> <li>• Spatial plans at district and FMU levels will be reviewed to identify areas for potential tenure conflict and propose suitable solutions. Efforts will be made to devise minimum standards approaches that would meet REDD+ objectives without imposing unnecessary detailed controls on forest management, after closely reviewing existing practices, rights and institutions.</li> </ul>
More secure rights over land and other resources can be used as an incentive or reward for delivery of environmental services, including reduction of carbon emissions. <sup>3</sup> Communities who own forests have more incentive to defer using their forests for livelihood benefits, thereby increasing the carbon storage potential of forests. <sup>5</sup>	<ul style="list-style-type: none"> <li>• Project will identify areas for handover to indigenous and local communities with more secure rights over land, including access and use of forest. As effective tenure is impossible to achieve without supportive policy and institutional systems, due attention will be paid to improve the enabling environment.</li> <li>• Socio-economic sustainability of the project will be ensured by balancing the positive benefits of REDD+ with the potential loss of access to resources and the transaction costs related to monitoring or patrolling the forests. Efforts to broaden and lengthen donor support to REDD+ implementation in West Kalimantan will be continued.</li> </ul>
<b>Monitoring, Reporting, Verification (MRV) and Evaluation</b>	
A stronger monitoring and evaluation mechanism is required to assess REDD+ benefits.	<ul style="list-style-type: none"> <li>• Both quantitative and qualitative approaches will be included to assess consultation processes, vulnerable community engagement and equity issues.</li> <li>• Community monitoring mechanisms will be used to assess livelihood and forest management aspects of REDD+.</li> <li>• Capacity for MRV and evaluation will be strengthened during project implementation.</li> </ul>
A nested approach to REDD+ is one way of devising effective and transparent incentive mechanisms and carbon accounting systems. <sup>6</sup>	<ul style="list-style-type: none"> <li>• Activities that support establishment of financing mechanisms and incentive schemes are integrated into each component representing the three levels of project engagement (provincial, district, national).</li> </ul>

Lessons Learned	Integration into CFI-ADD+ Project Design
<b>Safeguards, Feedback /Grievance Mechanisms</b>	
<p>REDD+ is a hard and complex concept to grasp for many forest communities. It is important to assess rights and interests of communities. This assessment will need to include identification of claims that may have lain fallow for some time, but will be pressed more seriously once project benefits are anticipated.<sup>3</sup></p>	<ul style="list-style-type: none"> <li>• Awareness of local communities about REDD+ will be enhanced through meaningful discussions throughout project design and implementation.</li> <li>• Rights and interests of communities will be assessed and free, prior and informed consent by communities will be obtained prior to implementation of project activities.</li> </ul>
<p>Dispute resolution processes need to be built into agreements.<sup>3</sup></p>	<ul style="list-style-type: none"> <li>• Project will support the development of grievance and redress mechanism in addition to provincial strategy for tenure conflict resolution and REDD+ safeguards information system.</li> </ul>

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## ECONOMIC AND FINANCIAL ANALYSIS

### A. Introduction

1. The Forest Investment Program (FIP), a subprogram under Strategic Climate Fund of the Climate Investment Funds, supports efforts of selected developing countries to reduce greenhouse gas (GHG) emissions from deforestation and forest degradation and promote sustainable forest management. The Government of Indonesia (the 'government') prepared its FIP investment plan in collaboration with ADB, World Bank, International Finance Corporation, and other stakeholders, including development partners, civil society organizations, customary communities (*Masyarakat hukum adat*, [MHA]), and local communities. The investment plan comprises three projects.

2. The ADB-administered FIP project entitled "community-focused investments to address deforestation and forest degradation (CFI-ADD+)" has been allocated a grant of \$17.0 million to invest in community-focused REDD+<sup>1</sup> activities in West Kalimantan, particularly in the districts of Kapuas Hulu and Sintang. The grant will strengthen institutional and technical capacity of five forest management units (FMUs, or *Kesatuan Pengelolaan Hutan*, KPH in Bahasa) – four in Kapuas Hulu (two production FMUs and two conservation FMUs, i.e. Betung Kerihun National Park and Danau Sentarum National Park) and one in Sintang. The project outputs include: (i) community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented; (ii) provincial REDD+ strategy in West Kalimantan implemented; and (iii) sub-national policies on REDD+ harmonized with national policies. This report presents results from the economic and financial analysis of the proposed interventions.

### B. Rationale for Public Sector Intervention

3. Deforestation, forest degradation and unsustainable forest management account for up to 15% of GHG emissions globally and up to 60% in Indonesia. Deforestation rates in Indonesia are estimated at an average of 840,000 hectare (ha) per year. In its Intended Nationally Determined Contribution submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, Indonesia pledged to reduce its GHG emissions by 29% by 2030 against the 'business as usual' level through its own efforts, and by 41% with international support. Effective implementation of REDD+ is critical for Indonesia's fulfilment of its commitment. Further, as the national budget for climate change mitigation and adaptation currently stands at only 1%, Indonesia will need to secure additional resources, including public and private sector finance from both national and international sources. FIP grant is one such international source.

4. West Kalimantan is the fourth province with largest forest area, with around 60% of land area categorized as forest area. Within the province, the districts of Kapuas Hulu and Sintang hold the second and third largest state forest area. West Kalimantan is also one of the top five provinces contributing to GHG emissions with a mean deforestation rate of 132,500 ha per year. About 667,383 ha of forest area in the province was affected by land degradation in 2013<sup>2</sup> and around 3,356 ha by forest fire in 2014.<sup>3</sup> West Kalimantan also has the highest poverty rate in Kalimantan.<sup>4</sup> Unclear property rights, poor regulation for monitoring and law enforcement,

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<sup>1</sup> REDD+: Reducing emissions from deforestation and forest degradation, conservation, sustainable forest management and enhancement of forest carbon stocks.

<sup>2</sup> West Kalimantan in Figures. 2015. BPS (Badan Pusat Statistik/Statistical Agency of Indonesia).

<sup>3</sup> Indonesia online early warning system and data on forest fire, [http://sipongi.menlhk.go.id/hotspot/luas\\_kebakaran](http://sipongi.menlhk.go.id/hotspot/luas_kebakaran).

<sup>4</sup> West Kalimantan is a key partner in the Heart of Borneo Initiative, a trans-boundary effort between Brunei, Indonesia, and Malaysia to enable conservation and sustainable development that improves the welfare of those

absence of markets for environmental services and poverty are indirect drivers for deforestation and forest degradation. In view of their high emission and poverty reduction potential, the Kapuas Hulu and Sintang districts have been selected as target areas for the project.

5. Over-exploitation of forest resources due to land conflicts is a typical outcome when user rights are not well defined. One of the project's objectives is to help communities clarify and establish land use rights to address mismanagement of forest resources. Improved livelihood initiatives under REDD+ include interventions aimed to enhance income and quality of life for local communities. These interventions will reduce local communities' dependency and thus pressure on the forest system.

6. The project activities are designed to maximize spill-over effects, to ensure that the total protected forest area can be far more extensive than the area of direct intervention. For instance, support for fire prevention is concentrated in 10 villages in Kapuas Hulu, whose surroundings are prone to forest fire. Effective fire suppression in and around these villages will spare 130,000 ha from forest fire inside the Danau Sentarum National Park. Also, by strategic selection of agroforestry sites, local communities can become more conscious of forest resources and resist encroachment and illegal logging of nearby forests.

7. The project is estimated to reduce GHG emissions in the project area by 3.7 million tons of carbon dioxide equivalent (tCO<sub>2</sub>e). The reduced emissions are attributable to: (i) avoided deforestation, degradation, and forest fire prevention; and (ii) carbon sequestration through assisted natural regeneration and agroforestry. In addition to reducing GHG emission, forest preservation will also bring benefits to the ecosystem such as watershed protection and biodiversity conservation. Income from various livelihood options is expected to increase by \$8.2 million in present value.

8. Table 1 presents with- and without-project conditions for key indicators, while Table 2 shows cost estimation by categories of activities. In keeping with the community-based forest management theme, FIP grant will finance initial investment costs to attract community participation.

### **C. Overall project benefits**

9. Table 3 presents the project benefits. Besides direct economic benefits through livelihood interventions and environmental benefits, the project will generate additional benefits that have not been monetized.

### **D. Key Assumptions and Parameters**

10. In the economic analysis, only the quantified benefits in Table 3 are included as benefits, while costs of all activities, including project management, are included as costs.

11. Key assumptions include the following:

- (i) The analysis was undertaken in 2015 constant prices. All prices are in domestic price numeraire. The project life is assumed to be 10 years.
- (ii) Value Added Tax (VAT) for agricultural products in Indonesia is 10%.

**Table 1: With- and Without-Project Situation**

Benefit Category	With Project	Without Project	Incremental Benefits
<b>A. GHG Emissions Reduction</b>	- Cumulative emission of 8.7 MtCO <sub>2</sub> e over 10 years	- Cumulative emission of 12.4 MtCO <sub>2</sub> e over 10 years	- Reduction by 3.7 MtCO <sub>2</sub> e
<b>B. Improved Ecosystem Services</b>	- 6,000 hectare (ha) of assisted natural regeneration ( <b>Activity II.a</b> ) - 1,800 ha of deforested land under community-based agroforestry ( <b>Activity II.b</b> ) - 5,000 ha of area under forest fire management ( <b>Activity I</b> ) - 17,000 ha of forest under CBFM	- 0 ha of assisted natural regeneration  - 0 ha of agroforestry  - 310 ha of forest fire/year  - 14,885 ha of deforestation - 1,254 ha of degraded area	- 6,000 ha of degraded land rehabilitated  - 1,800 ha of deforested land under agroforestry  - 310 ha of avoided fire/year  - 493 ha of avoided deforestation/year - 24 ha of avoided degradation/year
<b>C. Quantified Improved Livelihood</b>	- 17 villages, at least 10,000 individuals including 5,000 women benefit from improved livelihood interventions ( <b>Activities II.b, III.a, and III.b</b> )	- Villages received little state and provincial government support; 2015 baseline annual income of IDR15.0 million in Sintang, and IDR30.0 million in Kapuas Hulu	- Income increase by 20% by year 2022
<b>D. Non-quantified Improved Livelihood</b>	- Access to clean water facilities, electricity and improved village road ( <b>Activity III.c</b> ) - Improved clarification on access to land and natural resources (17,000 ha in 10 villages, <b>Activity IV</b> )	- Very limited access to clean water facilities, electricity and improved village road - Unclear rights on land use cause - mismanagement of forest resources	- Benefits not assessed  - Benefits not assessed

**Table 2: Project Costs and Associated Benefits by Categories of Activities<sup>a</sup>**

Activities	'000 US\$	% tradable	% non-tradable	% labor	Benefits Category
<b>I. Fire Prevention</b>	1,703	54%	23%	22%	(A) GHG emissions; (B) ecosystem services
<b>II. Ecosystem Services Improvement</b>					
a. Assisted natural regeneration	1,580				(A) GHG emissions; (B) ecosystem services
b. Agroforestry (land based interventions)	5,964				(A) GHG emissions; (C) Improved livelihood
c. Miscellaneous	479				(D) Benefits not quantified
<b>Subtotal</b>	<b>8,023</b>	<b>15%</b>	<b>85%</b>	<b>0%</b>	
<b>III. Livelihood Support</b>					
a. Non-land based interventions <sup>b</sup>	330				(C) Improved livelihood
b. Miscellaneous <sup>c</sup>	571				(C) Improved livelihood
c. Clean water facilities, power generation, improved road <sup>d</sup>	1,635				(D) Benefits not assessed
<b>Subtotal</b>	<b>2,537</b>	<b>46%</b>	<b>54%</b>	<b>0%</b>	
<b>IV. Capacity Building (community and KPH)</b>	2,507	26%	10%	64%	(D) Benefits not assessed
<b>V. Project Management</b>	3,671	24%	13%	63%	
<b>Total Costs</b>	<b>18,441</b>	<b>26%</b>	<b>51%</b>	<b>23%</b>	

a/ Include physical contingencies only; b/ Honey bee keeping (apiculture), fresh water fish cultivation (aquaculture), handicrafts, ecotourism; c/ Coffee and latex processing, and marketing support; d/ Village road rehabilitation, clean water facilities, micro-hydropower generation, and limited off-grid solar power.

**Table 3: Project Benefits**

Benefits Category	Impact	Valuation
<b>Quantified</b>		
<b>1. GHG Emissions Reduction</b>		
	- GHG emission reduction of 3.7 MtCO <sub>2e</sub>	- Valuated at \$10/tCO <sub>2e</sub> <sup>a</sup>
<b>2. Improved Ecosystem Services<sup>b</sup></b>		
	- 5,171 ha of deforested and degraded area	- Environmental benefits valuated at \$125/ha/year
	- 3,105 ha of avoided forest fire	
	- 6,000 ha of assisted natural regeneration	
	- Collection of NTFPs and raw materials in preserved or regenerated forests	- NTFPs valuated at \$83/ha/year
<b>3. Land Based and Non-land Based Livelihood Interventions</b>		
	- Increase income in 17 villages, benefiting at least 10,000 individuals (5,000 women)	- Increase in incremental income by \$8.2 million
<b>Non-Quantified</b>		
4. Tenure rights clarified	- Reduced conflicts	
5. Improved quality of life	- Clean water and improved village roads in 17 villages	
6. Sustainable forest management practices		
7. Increased local awareness of ecosystem benefits of the forest		
8. Improved coordination and communication among national, provincial and local staff for REDD+ implementation		

**Notes:**

a/ Minister of Environment Regulation (Peraturan Menteri Lingkungan Hidup) 7/2014 on Environmental Loss and Economic Value. The economic price of carbon is based on the value of restoration of carbon stock.

b/ Environmental benefits include watershed protection (\$54/ha/year), biodiversity conservation (\$9/ha/year) and pollination (\$62/ha/year). Environmental benefits and NTFPs collection (\$83/ha/year) estimates are extracted from Van Beukering et al. 2002. 'Economic valuation of the Leuser National Park on Sumatra, Indonesia'. Ecological Economics 44(1): 43-62.

- (iii) It is assumed that 50% of the FIP area is located in the degraded forest area (*kawasan hutan*) and the rest at bare lands (APL). All produce in forest area are subject to *Provisi Sumber Daya Hutan* (PSDH), a forest tax. The PSDH tax rate is 6% of government stipulated prices.<sup>5</sup>
- (iv) In the economic analysis, investment costs exclude price contingency. Tax and other transfer payment calculations are also excluded.
- (v) In economic analysis, the implicit cost of surplus labor is computed by converting the prevailing daily wage rate using a conversion factor for labor of 0.90.
- (vi) In the base case analysis, the GHG emissions reduction is valuated at \$10/tCO<sub>2e</sub>.<sup>6</sup> In a supplementary analysis, the GHG emissions reduction benefit is not monetized.
- (vii) The sum of forest's environmental benefits is valuated at \$125/ha per year. The collection of NTFPs and raw materials is valuated at \$83/ha per year.
- (viii) The shadow exchange rate factor (SERF) is estimated at 1.15. The economic opportunity cost of capital is taken to be 12%.

**E. Benefits Estimation**

12. Over the 10-year interval, the total incremental GHG emission reduction and carbon sequestration is estimated to be 3.7 million tCO<sub>2e</sub> (Table 4). At \$10/tCO<sub>2e</sub> its benefit is \$19.6 million in present value. Improved ecosystem services generate a benefit of \$4.7 million, and improved livelihood generates an incremental benefit valuated at \$13.1 million in present value.<sup>7</sup>

<sup>5</sup> Government regulation (GR) No. 12/2014 on tariffs of non-tax revenues for the Ministry of Forestry. Stipulated prices are different from actual market prices.

<sup>6</sup> Minister of Environment Regulation (Peraturan Menteri Lingkungan Hidup) 7/2014 on Environmental Loss and Economic Value. The economic price of carbon is based on the value of restoration of carbon stock.

<sup>7</sup> Derivation of the livelihood benefit is discussed in the stakeholder analysis.

**Table 4: GHG Emissions and Incremental Reduction**  
(‘000 tCO<sub>2</sub>e)

Project Year	1	2	3	4	5	6	7	8	9	10	Total
<b>Without-Project</b>											
<b>Emissions Sources</b>											
Deforestation	484	484	484	484	484	484	484	484	484	484	4,843
Degradation	11	11	11	11	11	11	11	11	11	11	112
Forest fires	745	745	745	745	745	745	745	745	745	745	7,446
<b>Total Carbon Emission</b>	<b>1,240</b>	<b>12,401</b>									
<b>With-Project</b>											
<b>Emissions Sources</b>											
Deforestation	436	421	407	392	378	363	349	334	320	305	3,705
Degradation	10	10	10	9	9	9	9	8	8	8	90
Forest fires	596	588	581	573	566	558	551	544	536	529	5,622
<b>Carbon Sequestration</b>											
Assisted natural regeneration	-22	-45	-67	-67	-67	-67	-67	-67	-67	-67	-605
Agroforestry	-2	-5	-8	-12	-16	-20	-20	-20	-20	-20	-141
<b>Total Carbon Emission</b>	<b>1,017</b>	<b>970</b>	<b>922</b>	<b>896</b>	<b>870</b>	<b>844</b>	<b>821</b>	<b>799</b>	<b>777</b>	<b>755</b>	<b>8,671</b>
<b>Incremental Reduction</b>											
<b>Reduction from Prevention Activities</b>											
Avoided deforestation	48	63	77	92	107	121	136	150	165	179	1,138
Avoided degradation	1	1	2	2	2	2	2	3	3	3	21
Avoided forest fires	149	156	164	171	179	186	194	201	208	216	1,824
<b>Carbon Sequestration</b>											
Assisted natural regeneration	22	45	67	67	67	67	67	67	67	67	605
Agroforestry	2	5	8	12	16	20	20	20	20	20	141
<b>Total Incremental Reduction</b>	<b>223</b>	<b>270</b>	<b>318</b>	<b>344</b>	<b>370</b>	<b>396</b>	<b>419</b>	<b>441</b>	<b>463</b>	<b>485</b>	<b>3,730</b>
<b>Economic Valuation at \$10 ton/CO<sub>2</sub>e (present value in million \$)</b>											
	2.0	2.2	2.3	2.2	2.1	2.0	1.9	1.8	1.7	1.6	19.6

Note: Estimations are over 10-year period following best practices for REDD+ projects according to UNFCCC guidelines.  
Source: Consultant's estimates.

13. At a discount rate of 12%, the economic net present value (ENPV) for the whole project is \$19.5 million, and the economic internal rate of return (EIRR) is 45.2%. Without accounting for benefits from reduced GHG emission, the ENPV is -\$0.13 million and the EIRR is 11.8%. The estimates are conservative since the project benefit streams extend well beyond the 10-year horizon in this analysis.

**Table 5: Economic Benefits and Costs**  
(Base Case, ‘000 US\$)

Project Year	Costs			Benefits				Net Benefits	
	Investment	O&M	Total	GHG emissions	Ecosystem services	Improved livelihood	Total	Emissions at \$10/tCO <sub>2</sub> e	Emissions excluded
1	2,527	33	2,560	2,230	0	-684	1,546	-1,015	-3,244
2	5,794	129	5,924	2,702	138	-490	2,350	-3,573	-6,276
3	6,060	230	6,290	3,180	540	-679	3,041	-3,249	-6,429
4	4,953	311	5,265	3,439	962	-820	3,581	-1,684	-5,122
5	2,094	339	2,433	3,703	1,301	2,538	7,542	5,109	1,406
6	0	886	886	3,965	1,418	2,973	8,355	7,470	3,505
7	0	872	872	4,187	1,418	4,590	10,195	9,323	5,136
8	0	886	886	4,409	1,418	6,486	12,312	11,426	7,017
9	0	886	886	4,631	1,418	13,650	19,699	18,813	14,182
10	0	886	886	4,853	1,418	8,038	14,309	13,423	8,571
<b>ENPV</b>	<b>15,525</b>	<b>2,493</b>	<b>18,017</b>	<b>19,610</b>	<b>4,745</b>	<b>13,147</b>	<b>37,502</b>	<b>19,484</b>	<b>-126</b>
<b>EIRR</b>								<b>45.2%</b>	<b>11.8%</b>

Note: Gaharu agroforestry has a 8-year growth cycle, and gaharu collection is scheduled to be in year 9. This accounts for the increase in livelihood benefit for that year.

## F. Financial and Sustainability Analysis

14. Financial analyses were undertaken from both perspectives of the government and local communities. From the perspective of the government, the financial sustainability of the project was assessed by comparing the incremental recurrent costs with the budget allocation available to cover those costs. Estimated to be 2% of capital cost per annum,<sup>8</sup> the annual recurrent cost is \$0.30 million per annum. Since the Ministry of Environment and Forestry has substantial capacity to cover these recurrent costs, the project is considered financially sustainable. In addition, improved livelihood interventions will also raise additional tax revenues, estimated to be \$0.54 million on average, which will be channeled to forest protection, as specified in Resource Provision Levy of the government.

15. From the perspective of local communities, the potential (after-tax) internal rates of return for land-based interventions range from 20.2% to 32.1%. These interventions will generate sufficient financial returns to local communities' their long term support.

**Table 6: Sustainability and Financial Analysis of Livelihood Interventions**

	Sintang			Kapuas Hulu		
	Area	FNPV	FIRR	Area	FNPV	FIRR
<b>Local Communities</b>						
<b>Land base<sup>a</sup></b>						
Rubber Agroforest	410 ha	3,701	27.6%	1170 ha	14,698	32.1%
Gaharu Agroforest	70 ha	948	31.5%	110 ha	1,266	27.6%
Community Rubber Plantation	120 ha	323	20.2%	0 ha	-	-
<b>Non-land base</b>						
Beekeeping <sup>b</sup>	4 unit	60	142.9%	6 unit	56.42	77.8%
Fish Cultivation <sup>b</sup>	4 unit	10	50.6%	6 unit	15.81	49.2%
Handicraft <sup>b</sup>	4 unit	2	34.1%	6 unit	0.81	18.4%
Ecotourism <sup>c</sup>	0 unit	-	-	2 unit	0.004	25.2%
<b>Government</b>						
Average annual tax revenues from livelihood interventions					\$542,000	
Average annual O&M					\$298,000	

Note: a/ 25-year project cycle; b/ 5-year project cycle; c/ 10-year project cycle

16. A large part of the investment will have no fiscal implications for the government after project completion, beyond ensuring retention of trained FMU staff in target areas. Local community involvement, and the distribution of benefits at the local level, helps to secure the project's long-term sustainability. In addition, financial sustainability of livelihood interventions can be addressed through partial cost recovery programs, which are used by GIZ and other development partners.

## G. Sensitivity and Distribution Analysis

17. Sensitivity analysis was conducted to evaluate the impact of variations in a set of parameters on the ENPV and EIRRs. The economic performance is robust to downside risks.

<sup>8</sup> Empirical work by Hood et al. (2002) suggests the recurrent to investment cost ratio is in the range of 1% to 3.6% for forestry projects. Hood, Ron, Husband, D. and Yu, F. 2002. Recurrent Expenditure Requirements of Capital Projects: Estimation for Budget Purposes. World Bank Policy Research Working Paper 2938.

**Table 7: Sensitivity Analysis**

Scenario	Variable Change	ENPV (\$ million)	EIRR (%)	SI <sup>a</sup>	SV <sup>b</sup>
<b>Base Case</b>		<b>19.5</b>	<b>45.2%</b>		
<b>a. Investment Costs</b>	+10%	18.1.5	40.3%	1.1	93%
<b>b. Environmental Benefits</b>					
GHG emission reduction	-10%	17.5	40.4%	-1.0	-95%
Ecosystem benefits	-10%	19.0	44.3%	-0.2	-539%
<b>c. Livelihood Interventions</b>					
Coffee price	-10%	18.4	43.8%	-0.3	-341%
Gaharu price	-10%	19.3	45.0%	0.0	-2659%
Rubber price	-10%	18.4	43.9%	-0.3	-343%
<b>d Variable costs</b>	+10%	17.7	42.0%	0.7	142%
<b>e. One-year benefit delay</b>	1 yr	13.5	42.4%	n/a	n/a

Notes:

a/ SI = Switching Indicator, the percentage change in the EIRR due to one percentage change in the variable.

b/ SV = Switching Value, the inverse of SI

18. A stakeholder analysis was conducted to allocate the project cost and benefit categories (Table 8) to stakeholder groups: the government, the environment, hired unskilled (surplus) labor, local communities and local enterprises. On the cost side, the economic value of the investment costs is \$15.5 million, inclusive of community's labor contribution (\$2.0 million). The recurrent operation and maintenance costs consists of costs defrayed by the government (\$1.5 million) and the local community, the latter being in the form of labor contribution (\$1.1 million). The unskilled labor hired earns a surplus of \$0.4 million.

19. On the benefit side, there are three benefit streams as discussed below:

20. **GHG Emissions Reduction:** the GHG emission reduction is valued at \$19.6 million and is assigned entirely to the environment.

21. **Ecosystem Services Improvement:** Improved ecosystem benefit (\$4.7 million), the second benefit category, is assigned to two beneficiaries. First, by reducing deforestation and degradation, preventing forest fire, and sponsoring agroforestry and home gardening, the project (i) promotes biodiversity conservation (\$9/ha/year); (ii) expands habitats for local species that aid pollination (\$62/ha/year); and (iii) protect the watershed in forest area, particularly in Danau Sentarum National Park and Betung Kerihun National Park (\$54/h/year). The environmental benefit is \$2.9 million. Secondly, in the conserved areas, villagers can engage in sustainable NTFPs collection, which is valued at \$83/ha/year, and over the project life NTFPs collection is valued at \$1.9 million.

22. **Land Based and Non-land Based Livelihood Interventions:** The improved livelihood benefit, the third category, is derived as follows:

- (i) Village level surveys showed that the source of income for local communities is 70% from non-forest areas, and 30% from forest areas. In 2015, the total annual income for Sintang and Kapuas Hulu is about \$9.2 million, 30% or \$2.8 million of which is from forest areas. In the without project scenario, this level of income is assumed to increase by 5% annually. The total earning is \$54.7 million in present value.
- (ii) With the project, the improved livelihood interventions will divert villagers from engaging in unsustainable activities in natural forests. The villages are assumed to forego two-third of their existing income from forest areas. As compensation, improved livelihood interventions will provide alternative sources of income. The

with-project total earning, consisting of remaining earning from existing sources, and the net-earning<sup>9</sup> from the livelihood interventions is \$67.9 million.

- (iii) The incremental income is \$13.2 million. This amount is split between (i) the government as the recipient of direct and indirect taxes (\$2.7 million); (ii) the local communities (\$11.3 million); and (iii) local enterprises (\$1.0 million) that operate the businesses.

**Table 8: Distribution Analysis and Poverty Impact Ratio**  
(\$ million)

	Fin.	Econ.	Externality	Allocation of Externalities					
				FIP grant	GOI	Environment	Labor	Community	Private Sector
<b>Project Benefits</b>									
GHG emissions reduction	0.00	19.61	19.61	0.00	0.00	19.61	0.00	0.00	0.00
Ecosystem services									
Environment	0.00	2.85	2.85	0.00	0.00	2.85	0.00	0.00	0.00
NTFPs	0.00	1.89	1.89	0.00	0.00	0.00	0.00	1.89	0.00
Improved livelihood	0.00	13.15	13.15	0.00	2.74	0.00	0.00	9.38	1.02
<b>Total Benefits</b>	<b>0.00</b>	<b>37.50</b>	<b>37.50</b>	<b>0.00</b>	<b>2.74</b>	<b>22.46</b>	<b>0.00</b>	<b>11.27</b>	<b>1.02</b>
<b>Project Costs</b>									
<b>Investment costs</b>									
Tradable	-3.49	-4.01	-0.52	-3.49	-0.52	0.00	0.00	0.00	0.00
Non-tradable	-6.74	-6.74	0.00	-6.74	0.00	0.00	0.00	0.00	0.00
Labor <sup>a</sup>	-5.31	-4.78	0.53	-3.12	0.00	0.00	0.31	-1.97	0.00
Subtotal	-15.53	-15.52	0.01	-13.34	-0.52	0.00	0.31	-1.97	0.00
<b>O&amp;M costs</b>									
Tradable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-tradable	-0.30	-0.30	0.00	0.00	-0.30	0.00	0.00	0.00	0.00
Labor <sup>a</sup>	-2.44	-2.19	0.24	0.00	-1.20	0.00	0.12	-1.11	0.00
Subtotal	-2.74	-2.49	0.24	0.00	-1.50	0.00	0.12	-1.11	0.00
<b>Total Costs</b>	<b>-18.27</b>	<b>-18.02</b>	<b>0.25</b>	<b>-13.34</b>	<b>-2.02</b>	<b>0.00</b>	<b>0.43</b>	<b>-3.08</b>	<b>0.00</b>
<b>Net Economic Benefits</b>	<b>-18.27</b>	<b>19.48</b>	<b>37.75</b>	<b>-13.34</b>	<b>0.72</b>	<b>22.46</b>	<b>0.43</b>	<b>8.19</b>	<b>1.02</b>
<b>Poverty Analysis (excluding GHG emissions reduction)</b>									
Proportion of Poor				-	8.5%	8.5%	100.0%	9.4%	-
Net Economic Benefits for Poor			<b>3.18</b>	-	0.06	1.92	0.43	0.77	0.00
Poverty Impact Ratio			<b>9.7%</b>						

Note: a/ Include community's labor contribution.

## H. Conclusion

23. The project can bring multiple tangible and intangible benefits to local communities, FMUs and more broadly to Indonesia. Results from economic analysis indicate that the project is economically viable. The livelihood interventions are also financially attractive to ensure long term sustainability. The results are also robust to adverse situations. The project can instill among the project stakeholders the sense of accountability in sustaining and managing forest resources. In conclusion, the project will deliver substantial benefits in the form of improved local livelihoods, reduced GHG emissions, enhanced biodiversity and watershed protection, improved forest management and governance, and sustainable economic development.

<sup>9</sup> The project will fund the initial setup costs, but the local communities and enterprises are expected to defray all labor costs, subsequent operating costs as well as equipment replacement costs.

## COUNTRY ECONOMIC INDICATORS

Item	Fiscal Year				
	2012	2013	2014	2015	2016 <sup>a</sup>
<b>A. Income and Growth</b>					
1. GDP per Capita (\$, current)	3,761	3,663	3,523	3,374	3,463
2. GDP Growth (% , in constant prices)	6.0	5.6	5.0	4.8	5.2
a. Agriculture	4.6	4.2	4.2	4.0	4.1
b. Industry	5.3	4.3	4.3	2.7	4.0
c. Services	6.8	6.4	6.0	5.5	6.0
<b>B. Saving and Investment</b> (current and market prices, % of GDP)					
1. Gross Domestic Investment	32.7	32.1	32.6	33.2	33.5
2. Gross National Saving	30.0	28.9	29.6	31.1	30.9
<b>C. Money and Inflation</b> (annual % change)					
1. Consumer Price Index (average)	4.0	6.4	6.4	6.4	4.5
2. Total Liquidity (M2)	15.0	12.7	11.9	8.9	10.6
<b>D. Government Finance</b> (% of GDP)					
1. Revenue and Grants	16.2	15.1	14.6	13.0	12.8
2. Expenditure and Onlending	18.0	17.4	16.7	15.5	15.6
3. Overall Fiscal Surplus (Deficit)	-1.8	-2.3	-2.2	-2.5	-2.8
<b>E. Balance of Payments</b>					
1. Merchandise Trade Balance (% of GDP)	0.9	0.6	0.8	1.5	0.8
2. Current Account Balance (% of GDP)	-2.7	-3.2	-3.0	-2.1	-2.6
3. Merchandise Export (\$) Growth (annual % change)	-2.0	-2.8	-3.7	-15.4	-7.0
4. Merchandise Import (\$) Growth (annual % change)	13.6	-1.3	-4.5	-19.8	-3.0
<b>F. External Payments Indicators</b>					
1. Gross Official Reserves (in \$ billion) (in months of imports of goods and official debt repayment)	112.8	99.4	111.9	105.9	108.7
2. External Debt Service (% of exports of goods and services)	6.1	5.5	6.4	7.4	8.1
3. Total External Debt (% of GDP)	17.3	20.7	23.1	29.1	30.0
3. Total External Debt (% of GDP)	27.4	29.1	33.0	36.1	37.0
<b>G. Memorandum Items</b>					
1. GDP (current prices, Rp trillion)	8,615.7	9,524.7	10,542.7	11,540.8	12500.3
2. Exchange Rate (Rp/\$, average)	9,380	10,451	11,867	13,390	13,581
3. Population (million)	244.2	247.4	250.6	255.5	260.6

— = not available, ( ) = negative, GDP = gross domestic product.

<sup>a</sup> Asian Development Bank staff estimates.

Sources: Bank of Indonesia, Ministry of Finance, Central Bureau of Statistics (BPS), International Monetary Fund, Asian Development Outlook (ADO) Database, and Asian Development Bank staff estimates. The data presented has also taken into account changes in data released by the government agencies.

**SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY**

Country:	Indonesia	Project Title:	Community-Focused Investments to Address Deforestation and Forest Degradation
Lending/Financing Modality:	Project/Grant	Department/Division:	Southeast Asia Department Environment, Natural Resources & Agriculture Division

**I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY**

Targeting classification: targeted intervention—MDGs

**A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy**

The Government of Indonesia through National Strategy for Poverty Reduction (SNPK) and the National Medium Term Development Plan (RPJMN), 2015-2019 as enabled through Law No. 17 of 2007, commits to reduce poverty rates to 7%-8% by 2019. The Climate Investment Funds (CIF), a \$17 million grant<sup>1</sup> to the Government of Indonesia will be provided to address institutional, technical, and capacity-related barriers for reducing emissions from deforestation and forest degradation (REDD+) implementation in West Kalimantan. The Project will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia's economic development 2011–2025, national action plan to reduce greenhouse gas (GHG) emissions, national REDD+ strategy<sup>2</sup> and West Kalimantan's provincial action plan to reduce emissions to promote inclusive growth and environmental sustainability: the two pillars of the ADB's Country Partnership Strategy (2012–2014). Specifically, ADB's Indonesia Country Partnership Strategy addresses inclusive growth, environmental sustainability with climate change mitigation and adaptation, and geographical focus is in line with Indonesia's strategy for tackling poverty targeted at maximizing forest potential towards environmental sustainability in reducing poverty.

**B. Results from the Poverty and Social Analysis during PPTA or Due Diligence**

**1. Key poverty and social issues.** The *masyarakat hukum adat* (MHA) and local communities generally reside within or adjacent to forest lands are the poorest within the country and most vulnerable to the impacts of climate change. Key issues related to Millennium Development Goals 7<sup>3</sup> (environment and natural resources) indicators deemed underperforming to date are: (i) the fulfillment of basic needs and basic services among social groups show relatively high discrepancies, and this is even reflected between the two districts in terms of income and expenditure on food and non-food items; (ii) limited access to productive resources for improvement of livelihoods; and (iii) gender equality is still limited despite gains in other areas.

**2. Beneficiaries.** The Project will focus on MHA in selected forest management units (FMUs) that rely on forests as source of economic, cultural and environmental goods. As of 2013 the number of people in Kapuas Hulu and Sintang districts that lived under the poverty line was higher than the provincial average (10.09%).<sup>4</sup> The Project is expected to benefit approximately 10,000 direct beneficiaries participating in the development of forest management plans and other income generating non-timber forest products (NTFP) activities. In addition, local FMU staff and provincial forestry staff will participate in communication and training program on REDD+ activities.

**3. Impact channels.** REDD+ aims to financially reward developing countries to preserve their carbon-rich forests. The scheme is a key element in Indonesia's efforts to achieve its commitment to reduce emissions by 2020. The project encourages local communities to protect their forests through provision of alternative livelihoods to attain sustainable growth with equity. Specifically, the project will improve local economies through forest related interventions such as agroforestry, ecotourism, and NTFP-based businesses at the household levels. Community-based forest management approaches will be implemented to ensure secured forest tenure for MHAs, hence enabling them to have sustainable access to sources of food and income.

**4. Other social and poverty issues.** Through the years, private investors (i.e. plantations crops, mining) have engaged communities for REDD+ projects. Common jobs act as forest wardens to protect and monitor forest conditions during the lifespan of the Project's. Other common alternative livelihoods include support for developing and marketing NTFP like rattan and sandalwood. However, these alternatives were usually developed with little or no input from the community, and often create jobs for only a small percentage of the people. It is unlikely that these projects will provide sustainable and fulfilling alternatives to traditional local practices in the long run. Cultures are destroyed when communities are no longer able to use the land for traditional hunting, farming, and spiritual practices.<sup>5</sup>

**5. Design features.** The Project addresses the key poverty and social issues through its three outputs and corresponding activities. It takes into account the poverty and social issues at the site level in its overall design, largely focusing on capacity building of institutions and enhancing absorptive capacities of local and MHA communities, with considerations for community assets: securing tenure and provision of livelihoods and limited rural infrastructure.

<sup>1</sup> Indonesia is one of the eight countries selected to receive support from FIP, one of the three sub-programs under Strategic Climate Fund of CIF. In collaboration with World Bank and IFC, ADB assisted the government in preparing the forest investment plan, which was endorsed by FIP subcommittee in November 2012.

<sup>2</sup> Indonesian REDD+ Task Force. 2012. REDD+ National Strategy, Jakarta, Indonesia.

<sup>3</sup> MDGs 1-3 for 2015 already met.

<sup>4</sup> BPS Kapuas Hulu. 2013. *Kabupaten Kapuas Hulu dalam Angka 2013*; BPS Kabupaten Sintang. *Kabupaten Sintang dalam Angka 2013*.

<sup>5</sup> Brihannala Morgan. 2015 Community Engagement. Inside Indonesia. <http://www.insideindonesia.org/community-engagement-3>.

<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>	
<p><b>1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.</b> Stakeholder meaningful consultations were conducted not just with the government but also with participating villages during the project preparation technical assistance (PPTA) and will continue throughout implementation. A consultation &amp; participation plan has been developed at PPTA ready for implementation as an effective measure for stakeholder engagement.</p> <p><b>2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.</b> A stakeholders analysis was conducted during the PPTA and civil society organizations (CSO) have been identified across levels. The Project will further assess and identify potential CSOs to participate during implementation. At the project preparation stage, CSOs / non-government organizations (NGO), research institutions and media were part of the consultation process and their insights were considered in the finalization of the design monitoring framework (DMF).</p> <p><b>3. Explain how the project ensures adequate participation of civil society organizations in project implementation.</b> CSOs are envisaged to be partners in the implementation of all outputs and in various project activities as external M&amp;E, conduct of social assessment, and as trainers for capacity building. Consultation is central across project stages that include meaningful CSO participation.</p> <p><b>4. What forms of civil society organization participation is envisaged during project implementation?</b>  <input checked="" type="checkbox"/> Information gathering and sharing   <input checked="" type="checkbox"/> Consultation   <input checked="" type="checkbox"/> Collaboration   <input type="checkbox"/> Partnership</p> <p>Various CSOs can play different roles during the project implementation stage. All main groups will be consulted and deep collaboration is foreseen with NGOs like WWF and Indigenous Peoples' Alliance of the Archipelago (AMAN) for project implementation. CSOs can also contribute by being a bridge between the project and communities for improving effective communication.</p> <p><b>5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?</b>  <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p>Yes, a Project Participation Plan is prepared in a separate document to ensure and strengthen participation of stakeholders and especially empowerment of the poor and vulnerables.</p> <p>As such, the plan incorporates participation modalities from central level government institutions, implementing/executing government institutions, international and national NGOs, research institutions active and operates in the FIP project areas, media, community organizations as well as private sectors.</p>	
<b>III. GENDER AND DEVELOPMENT</b>	
Gender mainstreaming category: Effective Gender Mainstreaming	
<p><b>A. Key issues.</b> In project sites, women engage in numerous forest-related activities such as harvesting NTFP while men engage in harvesting timber and animals hunting to meet subsistence needs. Women spend significantly longer hours in the field than men and they contribute extensively in the production and marketing of vegetables and paddy cultivation. In addition, they are also primarily responsible for domestic chores such as cooking, cleaning, child rearing, and taking care of the elderly, and increasingly assume responsibility for household food security. Despite their extensive roles in production (including forest use and management), women are marginally involved in decision-making processes related to forest management at the FMU and district levels. Women's marginalization is further compounded by their exclusion in decision-making process at the community and <i>adat</i> institutions.</p>	
<p><b>B. Key actions.</b>  <input checked="" type="checkbox"/> Gender action plan   <input type="checkbox"/> Other actions or measures   <input type="checkbox"/> No action or measure</p> <p>A Gender Action Plan (GAP) has been prepared based on findings from the poverty and social assessment in close consultation with stakeholders that significantly include women and women leaders. The GAP is designed to address three key issues: empowerment for participation and decision-making on natural resource management, and improved access to services which will in the end redound to decreased time and effort for performing household reproductive activities.</p>	
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>	
<b>A. Involuntary Resettlement</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p><b>1. Key impacts.</b> This FIP project is set at category B levels for IR safeguards and any potential category A, specifically those that result to relocation/physical displacement and/or lose 10% of their productive assets, will be excluded in the project. Small-scale infrastructure investments will only be undertaken on the basis of demand and agreement of the beneficiaries. Negative impacts may result from the implementation of two (outputs 1 and 2) out of three components of the project: (i) economic displacement or restriction to access amongst households traditionally utilizing the area and (ii) permanent and temporary losses of small areas of land due to rehabilitation/ construction works.</p>	
<p><b>2. Strategy to address the impacts.</b> Resettlement impacts will be minimized by observing the following: (i) improvement of small-scale infrastructure designs will be along existing rights of way or following existing alignments; (ii) ensure no subproject with the ADB's category A resettlement criteria is financed under the project; and (iii) local stakeholders will be actively engaged during consultation to ensure the subproject designs are with minimized or no land acquisition.</p>	
<b>3. Plan or other Actions</b>	
<input type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework

<input type="checkbox"/> No action	<input type="checkbox"/> Social impact matrix										
<b>B. Indigenous Peoples</b>	<b>Safeguard Category:</b> <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI										
<p><b>1. Key impacts.</b> Benefits to MHA communities include a secure use of land by the approval of community-based forest management plans and diversification of economic activities by the implementation of REDD+ pilot projects. Should ecotourism, spatial planning, and mini hydropower projects be initiated, there is a potential threat on the cultural integrity of IP communities that may be subject to commercialization. There is a need to safeguard indigenous knowledge and practices from exploitation.</p> <p>Is broad community support triggered? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Broad community support may be required, but subject to the results of a full blown social impact assessment to be conducted at implementation stage.</p>											
<p><b>2. Strategy to address the impacts.</b> An Indigenous Peoples Planning Framework (IPPF) has been prepared in order to ensure that project activities are designed and implemented in a full respect for indigenous peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness. A series of meaningful consultations will be conducted by the IA to be led by its MHA focal person before the actual formulation of the Indigenous Peoples Plan.</p>											
<p><b>3. Plan or other actions.</b></p> <table border="0"> <tr> <td><input type="checkbox"/> Indigenous peoples plan</td> <td><input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</td> </tr> <tr> <td><input checked="" type="checkbox"/> Indigenous peoples planning framework</td> <td><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</td> </tr> <tr> <td><input type="checkbox"/> Environmental and social management system arrangement</td> <td><input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</td> </tr> <tr> <td><input type="checkbox"/> Social impact matrix</td> <td></td> </tr> <tr> <td><input type="checkbox"/> No action</td> <td></td> </tr> </table>		<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan	<input checked="" type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework	<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	<input type="checkbox"/> Social impact matrix		<input type="checkbox"/> No action	
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<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary										
<input type="checkbox"/> Social impact matrix											
<input type="checkbox"/> No action											
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>											
<p><b>A. Risks in the Labor Market</b></p> <p>1. Relevance of the project for the country's or region's or sector's labor market.</p> <p><input checked="" type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards</p> <p>Kapuas Hulu statistics of 2013 shows that the region has 1.51% unemployment while Sintang has 2.24%.<sup>6</sup> Most of the population works in the agricultural sector.<sup>7</sup> Project impacts on unemployment and underemployment would be Medium (M) for most of people in the in agricultural sector. The Project might contribute to alternative value generating activities which means providing additional opportunities for the existing work force.</p> <p>2. Labor market impact. Labor issues are likely to occur alongside the concerns raised under involuntary resettlement though these are deemed low under the Project in as much as the beneficiaries will be provided with alternative livelihood options and capacity building. While there may be some civil works under FIP, these are small-scale in nature that will be manageable under national labor laws and international social safeguards and social impact assessment best practice. The necessary mitigating measures of local hiring will prevail with caveats to avoid child labor.</p>											
<p><b>B. Affordability.</b> It is recognized that vulnerable groups which can include women, children, economically disadvantaged and MHA communities are typically less resilient to change, and thus may be more vulnerable to project impacts. These groups may have limited opportunities to take advantage of the benefits of development. In the case of provision for electricity through the establishment of two micro-hydropower plants, the pricing policy of the project – if at all - has to ensure that distribution of Project benefits is equitable and considers the economic limitations of certain groups.</p>											
<p><b>C. Communicable Diseases and Other Social Risks.</b> AIDS, tuberculosis, malaria, dengue and other communicable diseases have been documented within and adjacent to the project sites. Climate change and population mobility are factors identified to promote the spread of said communicable diseases. The Project will not in any way increase transmigration outside the project sites, nor will it promote movement towards project areas specifically because FIP will be working largely with MHAs. Nevertheless, such occurrences should be base-lined and monitored at implementation.</p>											
<b>VI. MONITORING AND EVALUATION</b>											
<p><b>1. Targets and indicators.</b> Monitoring and evaluation plan sets up a series of targets and indicators, which address poverty reduction and inclusive social development (See FIP DMF). Targets and indicators will also include accountability for monitoring results.</p> <p><b>2. Required human resources.</b> Project management will include social specialists down to the FMU level to monitor the poverty and social impact of the project.</p> <p><b>3. Information in Project Administration Manual (PAM).</b> The PAM will include the monitoring mechanisms, recommended reporting format, gender action plan, and communication strategy.</p> <p><b>4. Monitoring tools.</b> The grant agreement will reflect monitoring indicators from the DMF as well as indicative tools such as surveys, project status and monitoring reports, quarterly reports, attendance and participation data sheets, information and training materials and documents, ADB review mission reports, and project completion report.</p>											

<sup>6</sup> Sakernas 2013.

<sup>7</sup> Statistik Daerah Kabupaten Kapuas Hulu 2014.

# Poverty and Social Impact Assessment

Draft for FIP Subcommittee Review  
Project Number: 47084  
Grant No: xxxx  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(as of 25 June 2016)

Currency Unit	–	rupiah (Rp)
Rp1.00	=	\$0.000074
\$1.00	=	Rp13,415

## ABBREVIATIONS

AD	–	activity data
ADB	–	Asian Development Bank
APBN	–	AnggaranPendapatanBelanja Negara (Budget State)
BAPPEDA	–	<i>BadanPerencanaan Pembangunan Daerah</i> (Regional Development Planning Agency)
BAPPENAS	–	<i>BadanPerencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BPN	–	<i>BadanPertanahanNasional</i> (National Land Agency)
CBFM	–	community based forestry management
CIF	–	Climate Investment Fund
CSO	–	civil society organization
DAD	–	<i>DewanAdat Dayak</i> (Dayak Tribal Council)
DMF	–	design and monitoring framework
FIP	–	Forest Investment Program
FMU / KPH	–	<i>KesatuanPengelolaanHutan</i> (forest management unit)
FPIC	–	free prior and informed consent
GHG	–	greenhouse gas
GoI	–	Government of Indonesia
HH	–	households
HOB	–	Heart of Borneo
HPH	–	<i>HakPengusahaanHutan</i> (Natural Forest Concession Holders)
HTI	–	<i>HutanTanamanIndustri</i> (Industrial Forest Plantation)
IP	–	indigenous peoples
ITTO	–	International Tropical Timber Organization
LULUCF	–	Land Use Land-Use Change and Forestry
M&E	–	monitoring and evaluation
MDG	–	Millennium Development Goal
MOEF	–	Ministry of Environment and Forestry
MOFor	–	Ministry of Forestry
MOHA	–	Ministry of Home Affairs
NGO	–	non-government organization
NTFP	–	non timber forest products
PPTA	–	project preparatory technical assistance
RAN GRK	–	<i>RencanaAksiNasional Gas RumahKaca</i> (National Action Plan for Reducing Greenhouse Gas Emissions)
REDD+	–	reducing emissions from deforestation and forest degradation
RTRW	–	<i>Rencana Tata Ruang Wilayah</i> (Government Spatial Plan)
SFM	–	sustainable forest management
STRANAS	–	<i>StrategiNasional REDD+</i> (Indonesia National REDD+ Strategy)
TOR	–	term of reference

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## I. PROJECT BACKGROUND AND ASSESSMENT METHODS

### Project Rationale

1. Deforestation, forest degradation and emissions from land use, land use change and forestry (LULUCF) and peat land account for up to 15% of global Greenhouse Gas (GHG) emissions (van der Werf et al 2009) globally and up to 60% in Indonesia.<sup>1</sup> Reducing emissions from deforestation and forest degradation, conservation and sustainable management of forests, and improvement of forest carbon stocks (REDD+) is thus critical to address climate change.

2. There are three main drivers of deforestation and forest degradation in Indonesia: (i) shifts in the status of forested territory from one purpose to another, such as conversion of forestland to palm oil plantations, cultivation, mining, housing developments and other development activities; (ii) illegal logging; and (iii) the burning (clearing) of forests and brush. Not all deforestation can be avoided because of the real need for development and to support people's livelihoods. However, a large proportion of the deforestation and forest degradation occurring in Indonesia is unplanned or not properly planned. Instances where deforestation was unplanned, or occurred because of poor planning, are rooted in wider-ranging issues that include (i) poor spatial planning; (ii) inadequate legal basis or law enforcement leading to legal uncertainty; and (iii) the ongoing issue of land tenure. In addition, effective forest management is lacking – which is, ultimately the main overarching cause of the high rates of deforestation and forest degradation in Indonesia.<sup>2</sup>

3. The project will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia's economic development 2011–2025, national action plan to reduce GHG emissions, national REDD+ strategy<sup>3</sup> and West Kalimantan's provincial action plan to reduce emissions. It will promote inclusive growth and environmental sustainability; the two pillars of the ADB's Country Partnership Strategy (2012–2014). It aligns with ADB Strategy 2020 and the Southeast Asia Department's climate change implementation plan. It provides strong links with ADB TA projects<sup>4</sup> on sustainable forest management and with projects of other development partners. Co-financing from development partners will be sought during project preparation. Potential co-financing could be provided by KFW, BPREDD, ICCTF, and other donor agencies. The Government of Indonesia, with the support of ADB, is inviting international institutions and other organizations to support the activities under the current FIP funding.

4. The project will build on lessons from other REDD+ initiatives<sup>5</sup> by the government and other development partners. By promoting sustainable forest management, the project will not only reduce GHG emissions and enhance carbon stocks but also provide livelihood co-benefits such as poverty reduction, improved quality of life for forest communities, strengthened tenure use of communities over their *adat* lands, and enhanced conservation of biodiversity and ecosystem services.

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<sup>1</sup> Ministry of Environment and Forestry 2010.

<sup>2</sup> Indrarto, G. B., Murharjanti, P., Khatarina, J., Pulungan, I., Ivalerina, F., Rahman, J., Prana, M. N., Resosudarmo, I. A. P. and Muharrom, E. 2012. The Context of REDD+ in Indonesia: Drivers, agents and institutions. Working Paper 92. CIFOR, Bogor, Indonesia.

<sup>3</sup> Indonesian REDD+ Task Force. 2012. REDD+ National Strategy, Jakarta, Indonesia.

<sup>4</sup> ADB, 2013. Technical Assistance to Indonesia for Sustainable Forest and Biodiversity Management in Borneo. Manila (TA 8331); Technical Assistance to Indonesia for Sustainable Livelihoods Systems for Indigenous Peoples in the Indonesian Heart of Borneo (Japan Fund for Poverty Reduction Grant Project No. 44413-02; in process)

<sup>5</sup> See project linked documents and other supplementary documents.

## Project Description: Project Impact, Outcome, and Outputs

5. With assistance from the Forest Investment Program (FIP)<sup>6</sup> under Climate Investment Funds, a \$17 million grant to the Government of Indonesia will be provided to address institutional, technical, and capacity-related barriers for REDD+ implementation in West Kalimantan, one of the top five provinces contributing to GHG emissions with a mean deforestation rate of 132,500 ha per year.

6. The Executing Agency (EA) will be the Directorate General of Social Forestry and Environmental Partnership of the Ministry of Environment and Forestry (MOEF). The implementing agencies will be: (i) Directorate of Business Development for Social Forestry and Customary Forestry (Bina Usaha Perhutanan Sosial dan Hutan Adat, BUPSHA), (ii) Directorate of Environmental Services Utilization of Conservation Forest (Pengelolaan Jasa Lingkungan Hutan Konservasi PJLHK), and (iii) Directorate of Production Forest Management (Kesatuan Pengelolaan Hutan Produksi, KPHP). The implementing agency (IA) will work in close cooperation with provincial and district administrations and project implementation supporting unit (PISU). An inter-ministerial FIP steering committee<sup>7</sup> established in April 2013 will guide the overall program, ensure inter-ministerial coordination and provide administrative oversight for the project. Local PSU may be established at district level. The IA may delegate implementing authority to other offices, subject to their capacity, for managing field activities and coordinating with the Heart of Borneo working groups. Universities and civil society organizations like WWF may be partnered with to implement specific studies or activities. Grant implementation is targeted from July 2015 to June 2020.

7. The expected impact will be reduced GHG emissions from forests in Kapuas Hulu and Sintang districts. The outcome will be enhanced institutional capacity to implement REDD+ at sub-national levels in West Kalimantan. The project will have three (3) outputs as follows:

- (i) Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts;
- (ii) Provincial REDD+ strategy in West Kalimantan effectively implemented, and
- (iii) Sub-national fiscal policies on REDD+ harmonized with national policies.

## The Project Sites

8. The project will be implemented in the province of West Kalimantan in the districts of Kapuas Hulu and Sintang. The focus of the FIP-REDD+ Pilot Project in West Kalimantan covers five Forest Management Units (FMU) or KPH in two districts (Figures 1 and 2): Kapuas Hulu with 13 villages and Sintang with 4 villages (Table 1).

<sup>6</sup> Indonesia is one of the eight countries selected to receive support from FIP, one of the three sub-programs under Strategic Climate Fund of CIF. In collaboration with World Bank and IFC, ADB assisted the government in preparing the forest investment plan, which was endorsed by FIP subcommittee in November 2012.

<sup>7</sup> The Secretary General serves as the Chair of the committee. Representatives of other Directorates-General of MoFr, the Ministry of Finance, the Ministry of National Development Planning (BAPPENAS), the Presidential Delivery Unit for Development Monitoring and Oversight (UKP4), the Ministry of Environment, the National Forestry Council, and others are members. ADB, World Bank and IFC are observers.



**Table 1. Initial Project-Participating Villages in Sintang and Kapuas Hulu**

#	Village	Population	Households	Area (ha)
<b>Sintang</b>		<b>4,070</b>	<b>1,022</b>	<b>248</b>
Sintang: FMU Model Sungai Meraka				
1	Radin Jaya	915	214	123
2	Tanjung Sari	815	199	38
3	KayuDujung	1898	502	66
4	Senangan Kecil	442	107	21
<b>Kapuas Hulu</b>		<b>9,608</b>	<b>2,713</b>	<b>6,303</b>
Kapuas Hulu: FMU Model Kapuas Hulu				
5	RantauPrapat	422	89	381,01
6	Nanga Nyabau	365	100	143
7	Sibau Hulu	1090	365	1,399
8	SibauHilir	2439	610	550
9	Banua Tengah	574	100	119,38
10	Sungai Uluk Palin	363	157	128,19
11	Tanjung Lasa	574	124	385
12	Padua Mendalam	292	179	240
13	BatuLintang	326	145	175,72
FMU block XXI				
14	Bunut Hulu	1149	322	78
15	Nanga Tuan	838	197	75
FMU Natural Park BetungKerihun				
16	TanjungLokang	485	126	965
17	Bungan Jaya	691	199	2,468
FMU Natural Park DanauSentarum				
<b>Total</b>		<b>13,678</b>	<b>3,735</b>	<b>6,551</b>

9. The FIP villages for land based investment program were selected according to the following criteria:

- (i) To avoid conflict of interest with other parties, the selected FIP location shall neither be located inside forest concession, nor under intervention of another donor.
- (ii) The villages were selected after considering inputs from MOEF, representative of ADB in Jakarta, and Forest Management Unit (KPH or FMU) in Kapuas Hulu and Sintang.
- (iii) The selected villages, particularly in Kapuas Hulu, shall have strategic position in protecting at least one of the two national parks, namely Betung Kerihun and Danau Sentarum.
- (iv) The selected villages shall contain degraded forest lands and bare lands.
- (v) The village community shall have high interest and strong commitment to conduct the FIP.

## Approach and Methods for Poverty and Social Impact Assessment

10. The objectives of the Poverty and Social Impact Assessment are to optimize the Project design through social considerations in order to produce maximum social benefits, particularly to the poor, women, and other socially disadvantaged groups and to ensure the social dimensions are fully incorporated into the project final design. The scope of the assessment covers the project's direct and indirect impacts, including identifying affected groups, households and or persons in the project area. The Poverty and Social Impact Assessment will pay particular attention to the ADB's over-arching objective of poverty alleviation and identify ways in which the project can improve the quality of life and living conditions of the communities in the project areas. The assessment aims to predict the contribution of the project to poverty reduction; estimate the benefits to household potentially having increasing access to economic gain through community-based forest management; determine community support for the project; screening of customary communities and other vulnerable people group in project area, such as women; and incorporate gender and other social safeguard issues.

11. Aside from the collection of secondary data, various approaches and methodologies have been used throughout the whole process of the impact assessment study.

12. **Rapid Social Assessment (RSA) and Focus Group Discussion.** The project conducted Rapid Social Assessment (RSA) to assess social, economic, and cultural situation of communities potentially impacted by the project. The project components have been analyzed in terms of their social, economic and cultural effects to communities in project area. This was to ensure that all social concerns are addressed in design options, and the most acceptable alternative activities for affected communities (households and persons) would be appropriately selected and be able to implement.

13. **Interactive Meetings.** Project preparatory technical assistance (PPTA) under supervision of implementing agency carried out a series of interactive meetings with communities, NGOs, KPH officials, local government officials, and held discussions with experts to consult and share knowledge and experiences about the features of the project, its possible impacts, mitigation measures and other required anticipated steps that need to be taken in order to ensure the project's ability to provide benefits and tackle the negative impacts. Interactive meetings were carried out in Jakarta-Bogor and in West Kalimantan, in government offices, NGOs offices and in the villages.

14. **Census and Key Informant Interviews.** A series of field surveys have been conducted in order to identify potentially affected communities in the project area. Surveys targeted communities from Swadaya, Wana Bhakti, Radin Jaya, Senangan Jaya, Tanjung Sari, and Kayu Dujung in Sintang; and for Mensiau, Leboyan, Malemba, Banua Tengah, Batu Lintang, Padua Mendalam, Rantau Prapat, Sungai Uluk Palin, and Tanjung Lasa in Kapuas Hulu.

15. **Consultation with Customary Communities.** Specific approach and methods were used for customary communities during data field-work, particularly on communication and participation strategy:

- (i) Identification of customary leaders. This was done first by holding a small group meeting with village official structure. Village official structure is the lowest structure of State government administration.
- (ii) The information on customary leaders identified during the meeting.

- (iii) Village officers invited customary leaders to join the next meeting, with a small group comprised of village official structure, customary leaders, women, and PPTA team.
- (iv) Women participated in this small group meeting invited by the village head's wife.
- (v) All village heads and staffs can speak Bahasa Indonesia and take role as translator for customary leaders who cannot speak Bahasa Indonesia.
- (vi) The meeting was targeted at getting consent to hold the community meeting
- (vii) Set up focused group discussions (FGD) with community representatives. Village head and customary leaders take leading role in informing villagers about their meeting plans with the PPTA team.
- (viii) The meeting was designed in the form of interactive discussions where participants may raise questions, clarifications, or objections.
- (ix) Meeting was held bilingual, Bahasa Indonesia and local language, where one of village officers or *adat* leader usually takes the role as moderator and translator.
- (x) Women have their own discussion group where a female representative takes the role as moderator and translator
- (xi) Before splitting into male and female group of discussion, an opening remark was delivered by moderator, introducing the PPTA team and the objective of the meeting, to inform community regarding the project, and seek consent from participants on following items:
  - Having the meeting
  - Allocated time for the meeting
  - Agenda of the meeting
- (xii) PPTA team explained the project to participants regarding the following:
  - What project to come and its objective in detail
  - Who owns the project
  - Who manages the project
  - The activities to be carried out
  - What role and responsibilities community may have in the project
  - Potential positive and negative impacts of the project
- (xiii) Getting participants' view on the project whether or not they need the project to be implemented.

16. The project needs to underscore the importance of meaningful consultation process, which includes the following characteristics:

- (i) Conducting consultation only after getting consent of customary community.
- (ii) Consultation done in an enabling environment through encouraging the community to feel free to express their thoughts.
- (iii) Use of simple terms and appropriate language the community could understand
- (iv) Allow community to raise their concerns, questions, or objections
- (v) Sensitivity to stakeholders or person/s who will hamper the freedom of the community to speak or to express their concerns.
- (vi) Seek community agreement on the design and agenda of the consultation process.
- (vii) Secure community consent on information and data sharing specifically those that they provide.
- (viii) Respect community expressions.

17. Respondents of the villages in Radin Jaya, Tanjung Sari, Senangan Jaya and Kayu Duyung in Sintang District totaled 52 people and 156 in Kapuas Hulu District from the villages of Banua Tengah, Batu Lintang, Padua Mendalam, Rantau Prapat, Sungai Uluk Palin and Tanjung

Lasa. Kapuas Hulu demonstrated higher participation rate during consultative meetings, which was 26 participants on average, while Sintang was only 13.

18. Respondents composed of village leaders, teachers, religious leaders and *adat* leaders, farmers, men and women, with education levels ranging from D-3 university degree, to Junior High School degree. They were considered by the PPTA as the key informants regarding village socio-cultural profile as they live and work in the villages and deal with social, economic, and cultural issues in their work.

19. A number of villages were visited and consulted using the above approach during PPTA field survey. Table 2 below provides a summary of customary communities visited and consulted in the districts of Kapuas Hulu and Sintang.

**Table 2. Identification and Brief Description of Sample Villages**

No	Village	Population	Number of Households	Male	Female	Area (km <sup>2</sup> )
<b>Kapuas Hulu</b>						
1	Mensiau	414	111	106	108	-
2	Leboyan	650	-	-	-	-
3	Malemba	364	-	-	-	-
4	<i>BatuLintang</i>	326	145	167	159	175.72
5	<i>RantauPrapat</i>	422	89	210	212	381.01
6	<i>Banua Tengah</i>	574	100	276	298	119.38
7	<i>Sungai Uluk Palin</i>	363	157	191	172	128.19
8	<i>Tanjung Lasa</i>	574	124	233	341	385
9	<i>Padua Mendalam</i>	292	179	186	106	240
10	<i>Nanga Nyabau</i>	365	100	185	180	143
11	<i>Sibau Hulu</i>	1,090	365	536	554	-
12	<i>SibauHilir</i>	2,439	610	976	1,464	550
13	<i>Nanga Tuan</i>	838	197	428	410	75
14	<i>Bunut Hulu</i>	1,149	322	569	580	78
<b>Sintang</b>						
1	<i>Tanjung Sari</i>	815	199	-	-	38
2	<i>Radin Jaya</i>	915	214	-	-	123
4	Wana Bhakti	1,658	-	-	-	-
5	Swadaya	-	-	-	-	-
6	<i>KayuDujung</i>	1,898	502	-	-	66
7	<i>Senangan Kecil</i>	442	107	-	-	21

Source: PPTA Fieldwork, 2014.

## II. CONTEXTUALIZING THE FOREST INVESTMENT PROGRAM (FIP)

### National Context and Significance of the Kalimantan Region

#### 1. National Perspective

20. Indonesia's territory covers an area of 1,904,569 km<sup>2</sup> and the total population in in 2014 was estimated at 252.1 million while in 2015, it is estimated at 255.5 million<sup>8</sup>. The population grew by 14.8 million between 2009 and 2014 with an annual population growth rate of 1.2%.

21. Average annual rainfall ranges from 2,000 mm to 3,000 mm. Indonesia used to be

<sup>8</sup> Rencana Pembangunan Jangka Menengah Nasional 2014 – 2019.

densely forested, but 40% of the forests existing in 1950 were cleared in the following 50 years. In round numbers, forest cover fell from 162 million ha to 98 million ha. The range of benefits provided by Indonesia's forests extends far beyond forest products. More than 16 million people live in the country's 15 largest watersheds. Their forests help protect freshwater supplies by stabilizing soil on hill slopes and regulating the speed and timing of river flow. Yet these watersheds lost more than 20% of their forest cover between 1985 and 1997.

22. On 11 December 2014, Forest Watch Indonesia released maps of the remaining forest cover in Indonesia's most heavily forested provinces. The maps revealed forests subject to overlapping mining and plantation permits. In Kalimantan, for example, 78% of land had been allocated to concession (or permit) holders, largely mining and palm oil companies.<sup>9</sup>

23. Global initiatives to address climate change in Indonesia focus on forests. The former administration set targets of reducing emissions from deforestation by 26% by 2020 to address Indonesia's land use and forestry (LULUCF) emissions. Indonesia is the world's third highest emitter of greenhouse gases, 80% of which comes from the LULUCF sector. Despite the commitments, recent studies have found that Indonesia's rates of deforestation are the world's highest, thus meeting the goals of the seventh MDG remain a major challenge.<sup>10</sup>

24. Highlighted in the Regulation of the President of the Republic of Indonesia No 5 of 2010 Regarding the National Medium Term Development Plan (RPJMN) are eight national development missions, among which is *“improving the management of development that can maintain the balance among the utilization, sustainability, availability, and uses of the natural resources and environment, while still preserving the functions, capacity, and comforts of life in the present and in the future through the utilization of space that is harmonious for use for human settlement, for social economic activities, and for conservation purposes; increases the economic use of natural resources and the environment in a sustainable manner; improves the management of natural resources and the environment for supporting the quality of life; provides beauty and comfort of life, and increases the preservation and utilization of biodiversity as the basic asset of national development.”*

25. Based on the mission statement, the strategy is grounded on The Third RPJMN (2015-2019) that aims for greater consolidation of development in a comprehensive manner in all fields by emphasizing attainment of economic competitiveness on the basis of competitiveness of natural resources and the quality of human resources and by the increasing capability to master science and technology.

26. Within the framework of attaining sustainable development, the management of natural resources and the conservation of the functions of the natural environment are continually enhanced by institutional strengthening and increasing public awareness as indicated by the growth of the process for the rehabilitation and the conservation of natural resources and the natural environment that are accompanied by the strengthened active participation of the people; the maintained biodiversity and the uniqueness of other tropical natural resources that are utilized for the realization of added value, and for the nation's competitiveness, and for increasing national development assets in the future; the consolidation of institutions and capacity at all government levels for anticipating and overcoming disasters; and for the implemented marine development as the movement that is supported by all sectors. Such a

<sup>9</sup> Tessa Toumbourou, (2015) “An ongoing environmental challenge” in Inside Indonesia. <http://www.insideindonesia.org/an-ongoing-environmental-challenge>.

<sup>10</sup> *Ibid.*

condition is supported by the increased quality of spatial planning, increased consistency in spatial utilization by its integration into the related development plan documents, and the enhanced enforcement of regulations in the context of controlling spatial utilization.

27. The Millennium Development Goal (MDG) Report Card for Indonesia with respect to MDG 7 has two of four targets related to FIP: (i) integrate the principles of sustainable development into country policies and program and reverse the loss of environmental resources; and (ii) reduce biodiversity loss, achieving, by 2010 a significant reduction in the rate of loss.<sup>11</sup> A key indicator is a measure of the proportion of land area covered by forest. In a study released in mid-2014 (Journal of Nature Climate Change), the country lags in realizing this indicator due to high rates of deforestation even in protected areas. Forest Watch Indonesia<sup>12</sup> documented that forest clearing—including on areas of carbon-rich peat lands— have opened up for palm oil plantations, timber plantations and mining despite the moratorium on land concessions. On the other hand, a 2014 study by Rights and Resources concludes that deforestation rates in community forests with strong legal recognition are dramatically lower than in forests outside those areas. In effect, protecting Indonesia’s remaining areas of forests and maintaining biological diversity will require supporting community involvement in natural resources management and biodiversity conservation programs. When local communities have security of tenure over the forests on which they depend, biodiversity resources are conserved, and livelihoods are secured.

28. The RPJMN stipulates that the target to be attained in the environment sector is the *“improved quality of the environment and in the management of natural resources in urban and rural areas, the stopping of the degradation rate of the environment through the increase of the capacity and accommodation capability of the environment, and the increase in the capacity of adaptation and mitigation to deal with the effects of climate change. Efforts will also be continued in reforestation and in implementing programs for reducing carbon emission.”* As the GOI addresses the overarching targets on poverty, it acknowledges that access not only relates to the available supply of quality basic needs, but also in terms of the affordability of its price and reliability of supply at all times. Therefore, the welfare of Indonesian people will be improved if their rights and access to meet these needs are assured.

## 2. The Kalimantan Region

29. The development of the Kalimantan region is very important for supporting increased national development. The Kalimantan region has a relatively strategic geographical position in the central part of Indonesia, directly facing the large islands of Indonesia with northern borders shared between Indonesia and Malaysia. This position is very important in the context of inter-regional linkages.

30. As cited in the RJPNM, the development of the Kalimantan area is aimed at increasing the productivity and value-added of products from estates, livestock, fisheries, and processed forest yields; and increasing the value of mining products and functions as the national energy storehouse, at the same time taking into account ecological balance and principles for sustainable development. Pertinent to FIP, the RTRWN (National and Regional Spatial Plan), the development of the Kalimantan region is directed at:

<sup>11</sup> The other two targets relate to social aspects of sustainability: (i) increasing access to clean drinking water; and (ii) improving the lives of slum dwellers.

<sup>12</sup> Forest Watch Indonesia (FWI) is an independent forest monitoring network incorporating individuals and organizations committed to fostering a transparent forestry data and information management system which can ensure the sustainable forest management.

- (i) Maintaining areas that have a conservation function and rehabilitating environmentally degraded areas in the context of supporting the sustainability of the utilization of forest, mining, agricultural resources, marine, coastal and small islands resources, and reducing the risks of natural disasters; and
- (ii) Developing sustainable marine, agriculture, estate, mining, and forestry based processing industries, developing the tourism industry that is based on the strengthening and development of the local economy and local culture and on the conservation of the environment.

31. **Notes on REDD+ in the Kalimantan Region.**<sup>13</sup> There are several privately sponsored REDD+ projects in Indonesia to which investors hope to sell carbon credits to individuals and companies wanting to reduce net carbon emissions. In a survey of 23 companies in the Kalimantan region conducted by B. Morgan<sup>14</sup> (2015), most private REDD+ project developers (Indonesian and foreign) acknowledge that it is imperative to engage local communities in REDD+ projects inasmuch as providing forest-dependent communities with acceptable alternative livelihoods will keep them from cutting down forests. Project developers try to engage communities in REDD+ projects in four significant ways, through services, jobs, cash and land rights. Project developers are aware that sharing benefits with communities may save them money in the long run.

32. With the exception of some, REDD+ projects have failed to include MHAs through meaningful consultations and involvement. Cultures are destroyed when communities are no longer able to use the land for traditional hunting, farming, and spiritual practices. The thesis concludes that REDD+ has potential to become a real tool for sustainability and conservation; communities themselves must be able to decide about and manage REDD+ projects. Only when land rights are ensured before the development of a REDD+ project and communities are allowed to make decisions for themselves, can REDD+ fulfill its promises to reduce emissions from deforestation while sustaining forest communities.

## Social Survey Results

### 3. West Kalimantan

33. West Kalimantan is a province of Indonesia having a land area of 146,807 Km<sup>2</sup> with population of 4.641 million composed of 2.366 million of male and 2.275 million of female.<sup>15</sup> It is one of five Indonesian provinces in Kalimantan, the Indonesian part of the island of Borneo. Its capital city is Pontianak. The province has an area of 147,307 km<sup>2</sup> with a recorded 2010 census population of 4,395,983.<sup>16</sup> Ethnic groups include the Dayak, Malay, Chinese, Javanese, Bugis, and Madurese. The latest official estimate as of January 2014 is 4,546,439.

34. The borders of West Kalimantan roughly trace the mountain ranges surrounding the watershed of the Kapuas River, which drains most of the province. The province is also bordered by Sarawak, Malaysia. Danau Sentarum National Park is a wetland of international

<sup>13</sup> Brihannala Morgan. 2015 Community Engagement. Inside Indonesia. <http://www.insideindonesia.org/community-engagement-3>.

<sup>14</sup> Brihannala Morgan (brihannala@borneoproject.org) is the executive director of The Borneo Project. Formerly worked for the Center for International Forestry Research and the Rainforest Action Network. The survey was part of her Masters thesis from the University of Michigan.

<sup>15</sup> Berita Resmi Statistik No. 40/7/61/Th. XVII, 1 Juli 2014.

<sup>16</sup> Central Bureau of Statistics: *Census 2010*.

importance located in the north of the province. There are two other National Parks, Gunung Palung, and Betung Kerihun. Illegal logging pervades within the province, felling trees such as dipterocarps. Plantations of palm oil and pulpwood hasten habitat destruction. Peat bog fires and droughts or flooding during ENSO episodes also threaten the area, aggravated by persistent deforestation.<sup>17</sup>

35. West Kalimantan is subdivided into two cities (*kota*) and twelve regencies (*kabupaten*). About 29 percent of the province's population lives in the Pontianak area. The capitals and populations of the regencies and cities are provided in Table 3.

**Table 3. Administrative Units of West Kalimantan**

Name <sup>18</sup>	Capital	Area in km <sup>2</sup>	Population (2000 Census)	Population (2010 Census)	Population (2014 estimate)
Sambas Regency	Sambas	6,716.52	454,126	496,120	513,100
Singkawang City	Singkawang	504	(Included) <sup>19</sup>	186,462	192,844
Bengkayang Regency	Bengkayang	5,075.44	333,089	215,277	222,645
Landak Regency	Ngabang	8,915.10	282,026	329,649	340,931
Pontianak Regency	Mempawah	2,797.88	631,546	234,021	242,031
Pontianak City	Pontianak	107.8	472,220	554,764	573,751
Kubu Raya Regency	Sungai Raya	6,958.22	(Included)	500,970	518,116
North Kayong Regency (Kayong Utara)	Sukadana	4,568.26	(Included)	95,594	98,866
Ketapang Regency	Ketapang	31,240.74	426,285	427,460	442,090
Sanggau Regency	Batang Tarang	12,857.80	508,320	408,468	422,448
Sanggau Regency	Sekadau	5,444.20	(Included)	181,634	187,851
Sintang Regency	Sintang	21,638.20	460,594	364,759	377,243
Melawi Regency	Nanga Pinoh	10,640.80	(Included)	178,645	184,759
Kapuas Hulu Regency	Putussibau	29,842.00	182,589	222,160	229,764
<b>Totals</b>		147,307.00	4,016,353	4,395,983	4,546,439

36. Ethnic groups are the Dayak (33.75%), Malay (29.75%), Chinese (28.01%), Javanese (5.41%), Madurese (3.51%), Bugis (2.29%), Sundanese (1.21%), Malay Banjarese (0.66%), Batak (0.26%), others (1.85%)<sup>20</sup>.

#### 4. Kapuas Hulu District

37. Kapuas Hulu District is the second largest district in West Kalimantan after Ketapang. Area of Kapuas Hulu is 29,842 km<sup>2</sup>, equivalent to 20.33% of the overall area of West Kalimantan, which is 146,807 km<sup>2</sup>. Population of Kapuas Hulu District in 2013 was 236,136 people with population growth rate 2.08%. Population density of the district is 7 to 8 people per square kilometer. Demographic features of Kapuas Hulu can be seen in Table 4, while Table 5 shows the demographic features of sampled villages within the project areas.

38. **Education.** The district still has the challenge to raise the number of its population to attain a high education level. Around one third of its population has no education degree even

<sup>17</sup> McVeigh, Tracy. (January 28, 2011). "Greed and demand doom rainforest".

<sup>18</sup> Excludes a Special Enclave (*Daerah Kantong*), with 5,469 population in 2010.

<sup>19</sup> "Included" signifies regency was formed after 2000: population in 2000 included with the older regency from which it was taken. In 2003 Sekadau Regency was cut out of Sanggau Regency and Melawi Regency was cut out of Sintang Regency. In 2007 North Kayong Regency was cut out of Ketapang Regency, while Kuba Raya Regency was cut out of Pontianak Regency.

<sup>20</sup> *Overcoming Violent Conflict: Volume 1, Peace and Development Analysis in West Kalimantan, Central Kalimantan and Madura*. Prevention and Recovery Unit – United Nations Development Programme, LabSosio and BAPPENAS. 2005.

for elementary school level. In 2013, quite similar figure was also found for people with only elementary school degree. Table 6 shows the education figure of Kapuas Hulu by 2013 while those at the village level in Table 7 were derived through the PPTA survey.

**Table 4. Demographic indicators of Kapuas Hulu 2013**

Description	2011	2012	2013
Total population (peoples)	227,424	231,512	236,136
Population growth rate (%)	2.37	1.8	2.08
Population density (people/km <sup>2</sup> )	8	8	8
Sex ratio (M/F) %	104	104	103
Dependency ratio	52.9	53.06	49.71
Percentage of population by age group:			
- 0 – 14 years	31.40	31.46	29.70
- 15 – 64 years	65.40	65.33	66.80
- ≥ 65 years	3.20	3.21	3.50
Masyarakat adat population (%):			71
- Dayak Taman			28.5
- Dayak Iban			23.3
- Dayak Kantu			11.4
- Melayu			7.8

Source: Kapuas Hulu Dalam Angka 2014

**Table 5. Demographic feature of villages in project areas**

No	Village	Population	No of HHs	Male	Female	Area (km <sup>2</sup> )
Embaloh Hulu sub-district:						
1	Batu Lintang (composed of 2 hamlets: Sungai Utik and Pulan)	326	145	167	159	175.72
2	Rantau Prapat (composed of 2 hamlets: Mungguk and Lauk Rugun)	422	89	210	212	381.01
Putusibo Utara sub-district:						
3	Banua Tengah (composed of 2 hamlets: Banua Tengah Hulu and Banua Tengah Hilir)	574	100	276	298	119.38
4	Sungai Uluk Palin (composed of 2 hamlets: Tanjung Kerja and Uluk Palin)	363	157	191	172	128.19
5	Tanjung Lasa (composed of 2 hamlets: Tanjung Lasa and Nanga Potan)	574	124	233	341	385
6	Padua Mandalam (composed of 2 hamlets: Tanjung Kuda and Teluk Telaga)	292	179	186	106	240

Source: Field survey by ADB PPTA Team, 2014.

39. **Occupation.** National Labor Force Survey/ *Satuan Kerja Nasional* (SAKERNAS) in 2013 showed that 72.03% of the population in Kapuas Hulu above age 10 works in the agriculture sector, followed by 6.80% in trading, hotel, and restaurant sector, 6.47% in mining and quarrying sector while other sectors varied from 0.08 % to 4.71%.

**Table 6. Highest Education Level attained by Male and Female in Kapuas Hulu 2013**

Highest education level	Male (%)	Female (%)	Male + Female (%)
No degree	33.10	31.51	32.36
Elementary school degree	29.41	37.70	33.23
Junior High school	18.95	16.59	17.86
Senior High school	15.23	12.51	13.98
Vocational High School	1.55	0.14	0.90
D-I/II	0.94	0.66	0.81
S1/2/3	0.82	0.90	0.85

Source: Kapuas Hulu Dalam Angka 2014

**Table 7. Education indicators of villages in direct project area**

Village	No of respondents	Average no of children in school/universities	Highest education level of parents
Batu Lintang	24	3	Elementary - Senior high
Rantau Prapat	28	2	Elementary - Senior high
Banua Tengah	27	1 in university	Junior high
Sungai Uluk Palin	26	2	Senior high
Tanjung Lasa	30	2	Junior high
Padua Mandalam	21	2 in university	Junior high

Source: Field survey by ADB PPTA Team, 2014.

40. Field survey by the project PPTA team reveals that agriculture is the most predominant occupation while collecting non-timber forest products is another source of income. Rotational farming is mostly preferred for food production from paddy fields. Occupations of people living in the village project areas are provided in the table below. All respondents (100%) stated that their main source of cash is rubber.

**Table 8. Villagers occupation in the direct project area**

Village	No of respondents	Average no of family members	Main source of income	Other source of income
Batu Lintang	24	4 to 5	Rubber garden	Rotational farming
Rantau Prapat	28	2 to 4	Rubber garden	Rotational farming and non timber forest product
Banua Tengah	27	4	Rubber garden	Rotational farming
Sungai Uluk Palin	26	4 to 6	Rubber garden and Tengawang	Head of Farmers group
Tanjung Lasa	30	4 to 5	Rubber garden	Non-timber forest product, hunting
Padua Mandalam	21	5	Rubber garden	Rotational farming

Source: Field survey by ADB PPTA Team, 2014.

41. **Income and expenditure pattern.** In general, the monthly income in village households in direct project area ranges from Rp 1,000,000 to 3,000,000. The lowest income rate was found in Batu Lintang village, while in other villages the average income ranges from Rp2 to 3 million per month. Household expenditure for food ranged from Rp500,000 to 1,500,000 per month. Household monthly expenditure for non-food products ranged from Rp500,000 to 2,000,000 per month. The lowest rate for non-food expenditure was found in Rantau Prapat while the highest rate was in Padua Mendalam.

**Table 9. Income and Expenditure Pattern of Villagers in Project Area**

Village	No of respondents	Average no of family members	Monthly income (X 1000 Rp/month)	Monthly expenditure for food (X 1000 Rp/month)	Monthly expenditure for non-food (X 1000 Rp/month)
Batu Lintang	24	4 to 5	1,000 – 2,000	500 – 1,000	1,000
Rantau Prapat	28	2 to 4	2,000	500	500
Banua Tengah	27	4	2,000 – 2,500	500	1,000
Sungai Uluk Palin	26	4 to 6	3,000	1,000	1,000
Tanjung Lasa	30	4 to 5	2,000 – 3,000	1,000	1,000
Padua Mandalam	21	5	3,000	1,000	1,000

Source: Field survey by ADB PPTA Team, 2014.

42. **Assets.** All 156 respondents claim to own their houses. Other assets or possessions

identified by respondents are provided in Table 10, which shows that rubber gardens have significant hectares of 2-3 ha per respondent followed by paddy fields of 1.5-2 ha.

**Table 10. Assets possession by villagers**

Assets	Average no/ range of owned assets
Rubber garden	2 – 3 hectares
Paddy field	1.5 – 2 hectares
Motorbike	1
TV	1
Radio/taperecorder	1
Handphone	1 – 3
Livestock	Pig = 2 – 7; Cow = 0 - 2

Source: Field survey by ADB PPTA Team, 2014.

43. **Indebtedness.** All respondents stated that they have no debt in bank but they did not mention the debt to relatives or neighbors or person or to Credit Union (CU). They did, however state preference for credit unions compared to other sources such as banks and middlemen as debt interest in general is 13% per year for credit unions.

## 5. Sintang District

44. **Demographics.** The area of Sintang District is 21,635 km<sup>2</sup> with the population by 2012 at 377,190 people consisting of 194,855 males and 182,335 females.<sup>21</sup> Population density is 17.4 people per square kilometer and population growth varied between 1.58% and 1.8% per year. Most of the population in Sintang District is MHAs belonging to the Dayak group<sup>22</sup>, however there is no available data regarding population distribution at the time of this study.

**Table 11. Demographic Indicators of Sintang District 2013**

Description	2010	2011	2012
Total population (peoples) <sup>23</sup>	364,759	371,322	377,190
Population growth rate (%)	1.58	1.8	(No data available)
Population density (people/km <sup>2</sup> ) <sup>24</sup>	16.86	17.16	(No data available)
Sex ratio (M/F) %	104 <sup>25</sup>	(No data available)	(No data available)

45. **Education.** Education has been a main concern for villagers regarding the low education level. In general, participants of discussion or interviewed only attended elementary school, junior high school and only a few of them had the opportunity to obtain senior high school education degree.

**Table 12. Education Profile of Villagers**

Village	No of respondents	Average no of family members	Average no of children in school/universities	Highest education level of parents
Kayu Dujung	11	4	2	Elementary
Radin Jaya	16	4	1 – 2	Elementary and junior high
Senangan Jaya	13	4	2	Elementary
Tanjung Sari	12	3	1 – 2	Elementary and senior high

<sup>21</sup> <http://regionalinvestment.bkpm.go.id/newsipid/demografipendudukjel.php?ia=6107&is=37>

<sup>22</sup> Rencana Pengelolaan Jangka Panjang KPHP-Model Sintang.

<sup>23</sup> <http://regionalinvestment.bkpm.go.id/newsipid/demografipendudukjel.php?ia=6107&is=37>.

<sup>24</sup> Data from 'Laporan Akhir Rencana Pengembangan Pusat-Pusat Pertumbuhan Ekonomi Di Kabupaten Sintang, Bappeda Sintang, 2013'.

<sup>25</sup> Data 2010 taken from "Master Plan Penanggulangan Kemiskinan di Kabupaten Sintang", Bappeda Sintang, 2011

Source: Field survey by ADB PPTA Team, 2014.

46. **Occupation.** The most predominant occupation among villagers is in agriculture with rubber as the most favored commodity. In Radin Jaya, for example, 90% of villagers have rubber garden 1 - 2 hectares per household and the same figure for paddy field.

**Table 13. Villagers Occupation in Direct Project Area**

Village	No of respondents	Average no of family members	Main source of income
KayuDujung	11	4	Rubber garden and Rotational farming
Radin Jaya	16	4	Rubber garden and Rotational farming
Senangan Jaya	13	4	Rubber garden and Rotational farming
Tanjung Sari	12	3	Rubber garden

Source: Field survey by ADB PPTA Team, 2014.

47. **Income and expenditure pattern.** Information and data from field survey showed that monthly income of villagers varied between Rp1 to Rp2 million. The figure is comparable to the average monthly income for West Kalimantan in 2013, which was Rp1.38 million<sup>26</sup> but lower than Kapuas Hulu that has a range of Rp1 to Rp3 million.

**Table 14. Monthly income and expenditure pattern of villagers**

Village	No of respondents	Average no of family members	Monthly income (X 1000 Rp/month)	Monthly expenditure for food (X 1000 Rp/month)	Monthly expenditure for non-food (X 1000 Rp/month)
KayuDujung	11	4	900 – 1,500	500	300
Radin Jaya	16	4	1,000 – 1,500	500	500
Senangan Jaya	13	4	800 – 1,000	500	300
Tanjung Sari	12	3	1,000 – 2,000	500	500

Source: Field survey by ADB PPTA Team, 2014.

48. **Assets.** All of 52 respondents stated that they have their own house. In Radin Jaya, it was found that one villager built his house on his relative's land, but he owns the house.

49. **Indebtedness.** Four of 52 respondents stated that they borrow from the local credit union and small shops (Kiosk /warung):

- (i) One in Radin Jaya – 60% of debt has been paid back to CU
- (ii) One in Kayu Dujung – 80% has been paid back to CU
- (iii) One in Senangan Jaya – 50% has been paid back to Kios/ warung
- (iv) One in Tanjung Sari – 80% has been paid back to CU

### III. STAKEHOLDER IDENTIFICATION AND ASSESSMENT

#### Stakeholder Identification

50. According to the Asian Development Bank (2012), stakeholders can be defined as "individuals, groups and institutions interested in a given ADB or recipient and/or client activity.

<sup>26</sup> Berita Resmi Statistik, Kalimantan Barat No.39/07/Th. XVII, 1 Juli 2014.

They may be affected by, able to significantly influence, or be important to achieving the stated outcome".<sup>27</sup> Stakeholders can be categorized as primary and secondary ones (African Development Bank, 2001). Primary stakeholders are beneficiaries of development intervention or who are directly affected (negatively or positively) from it. They include the local population (individuals and community-based organizations) in the project/program area, in particular, poor and marginalized groups who have traditionally been excluded from participating in development efforts. Secondary stakeholders are those who influence a development intervention or are indirectly affected by it. These secondary stakeholders include the borrowing government, line ministry and project staff, implementing agencies, local government, civil society, private sectors, the bank and its shareholders and other development agencies.

51. Table 15 provides a summary of identified stakeholders, their interests, perception about deforestation and degradation, and corresponding mandates.

**Table 15. Stakeholder Analysis and Consultation**

Stakeholder Group	Stakeholders Interest	Perception on REDD+	Mandate
<b>Central Government Institutions</b>	Set the national project target of GHG emission reduction, financial arrangements, program monitoring and oversight	Need for improvement in inter governmental communication, coordination and program impacts	To produce conducive policy, technical and financial support, monitoring and oversight of the program.
<b>Executing/Implementing Government Institutions</b>	Contribute to national GHG emission reduction, coordination and cooperation	Clear designation, distribution of roles/tasks, communication and coordination to ensure outcomes	To perform and deliver program activities on their scope of works in the program
<b>International and National NGOs</b>	Conservation and social outcomes, transparency, facilitated participation in development programs	Conflicting claims of forest and land tenure, positive and negative impacts for communities	To check and balance, provide lessons learnt & experience, deliver support and services to communities
<b>Research Institutions and Media</b>	Research and dissemination of program implementation and impacts information	Clarity and accessibility of project progress and impacts' information	To provide independent research and disclose facts related to program
<b>Community (including Women) Organizations</b>	Secured tenure rights, equitable benefits of REDD+, improvement of livelihood	Potential restrictions arising from new policies, conflicting opportunities for livelihood improvement.	To receive program inputs and provide participatory feedback in design and implementation of the program
<b>Private Sector (Palm oil, timber/logging and mining concessions, carbon project developers)</b>	Good business environment and expansion	Limiting geographical expansion of concessions, regulating /limiting business opportunities	To do business in compliance with government regulations and with self imposed codes of conduct (like New York Declaration on Forests)

<sup>27</sup> Asian Development Bank (2012). Strengthening Participation for Development Results, An Asian Development Bank Guide to Participation.

## 1. Primary Stakeholders

### a. Indigenous People

52. There are around 300 distinct native ethnic groups in Indonesia, and 742 different languages and dialects.<sup>28</sup> Most Indonesians are descended from Austronesian-speaking peoples whose languages can be traced to Proto-Austronesian (PAn), which possibly originated in Taiwan. Another major grouping are Melanesians, who inhabit eastern Indonesia.<sup>29</sup> The largest ethnic group is the Javanese, who comprise 42% of the population, and are politically and culturally dominant.<sup>30</sup> The Sundanese, ethnic Malays, and Madurese are the largest non-Javanese groups. A sense of Indonesian nationhood exists alongside strong regional identities.<sup>31</sup> Social, religious and ethnic tensions have triggered horrendous violence.<sup>32</sup> Chinese Indonesians are an influential ethnic minority comprising 3–4% of the population. Much of the country's privately owned commerce and wealth is Chinese-Indonesian-controlled. Chinese businesses in Indonesia are part of the larger bamboo network, a network of overseas Chinese businesses operating in the markets of Southeast Asia that share common family and cultural ties. This has contributed to considerable resentment, and even anti-Chinese violence.<sup>33</sup>

53. Indigenous people and local communities in Indonesia are mostly those communities who live within or adjacent to forests lands on which they depend almost entirely for their subsistence and survival. They are people in condition of the poorest and most vulnerable to the impacts of climate change as well as to the unfortunate consequences of climate change mitigation and adaptation incident. Under High Constitution Decree (*Keputusan Mahkamah Konsitusi*) No 35/PUU-X/2012, *adat* communities have gained slowly more recognition and their inclusion should help combat deforestation in Indonesia through securing their customary territorial rights.. The actual recognition of these rights will be a difficult and long process that takes energy and time to implement. Any project with a serious desired outcome to contribute to sustainable development of forest communities and avoided deforestation and degradation should consider how to contribute to supporting FMLC as an auxiliary objective.

54. Within the project sites, there are two predominant IP groups, the Dayak and the Melayu. Most Dayaks live in villages and hamlets throughout the two KPHs while the Melayu mostly are concentrated along the river and around Danau Sentarum. Of the villages in KPH Sintang, Swadaya, Wana Bhakti, Tanjung Sari, Panding Jaya, Tirta Karya, and Wirayuda<sup>34</sup>, are mostly populated by Dayak. In Kapuas Hulu 71% of the population in 55 villages are composed of Dayak Taman (28.5%); Dayak Iban (23.3%); Dayak Kantu (11.4%) and Melayu 7.8% while the rest are from smaller ethnic groups<sup>35</sup>.

55. **The Dayak.** Dayak sub-groups in Kapuas Hulu and Sintang are: the Dayak Kantuk,

<sup>28</sup> Merdekawaty, E. (6 July 2006). ""Bahasa Indonesia" and languages of Indonesia" (PDF). *UNIBZ – Introduction to Linguistics*. Free University of Bozen.

<sup>29</sup> Taylor, Jean Gelman (2003). *Indonesia: Peoples and Histories*. New Haven and London: Yale University Press. ISBN 0-300-10518-5.

<sup>30</sup> Kingsbury, Damien (2003). *Autonomy and Disintegration in Indonesia*. Routledge. p. 131. ISBN 0-415-29737-0.

<sup>31</sup> Ricklefs, M. C. (1991). *A History of Modern Indonesia since c.1300, Second Edition*. MacMillan. ISBN 0-333-57689-6.

<sup>32</sup> "Kalimantan The Conflict". *Program on Humanitarian Policy and Conflict Research*. Conflict Prevention Initiative, Harvard University. Archived from the original on 12 December 2009. Retrieved 7 January 2007.

<sup>33</sup> M. F. Swasono (1997). "[Indigenous Cultures in the Development of Indonesia](#)". *Integration of endogenous cultural dimension into development*. Indira Gandhi National Centre for the Arts, New Delhi. Retrieved 17 September 2006.

<sup>34</sup> RencanaPengelolaanJangkaPanjang KPHP-Model Sintang

<sup>35</sup> Rencana Pengelolaan Hutan Jangka Panjang KPH Model Kapuas Hulu

Dayak Iban, Dayak Taman, Dayak Kayan, Dayak Suhaid, Dayak Punan, Dayak Tamambaloh, Dayak Tamambaloh Apalin, Dayak Suruk, Dayak Punan Bukat, and Dayak Punan Koreho. Kantuk is the dominant sub-group in the villages in KPH Sintang, while in Kapuas Hulu Iban and Punan are the dominant sub-groups. The term dominant refers to the language they speak and official position in the villages (head of villages and its assistants). There is no data on what sub-group is the most vulnerable or the better one in terms of socio economic conditions.

56. In West Kalimantan, the latest census on population composition by ethnic groups was measured in 2000 as follows: Melayu (33.75%), Dayaks (33.75%), Chinese (10.01%), Javanese (9.41%), Madurese (5.51%), Bugisee (3.29%), Sundanese (1.21%), Malay Banjarese (0.66%), Batak (0.56%) and others (1.85%).

57. Each group of Dayak speaks their own language such as Kantuk, Iban, Kanayatan, and have their own customary institutions. Dayak culture has a close attachment to the symbol of hornbill (*burungenggang*) as a manifestation of good spirit. The symbol is usually expressed in their engraving and craft as well as in their traditional architecture. Dayak usually put a symbol of hornbill at the roof top of house.

58. Kinship in Dayak society is traced in both lines of genealogy (*tusuf*). Although, in Dayak Iban society, men and women possess equal rights in status and property ownership, political office has strictly been the occupation of the traditional Iban patriarch. There is a council of elders in each longhouse. Dayak leadership is through a Penghulu. Individual Dayak groups have their social and hierarchy systems defined internally, and these differ widely from Ibans to Ngajus and Benuaqs to Kayans.

59. Predominant occupation among Dayak is agriculture, dry land paddy field and rubber garden. In the two KPHs, shifting cultivation is still a predominant occupation practiced by Dayak communities. Dayaks organize their labor in terms of traditionally based land holding groups, which determine who owned rights to land and how it is to be used. The Iban Dayaks practice a rotational and reciprocal labor exchange called "*bedurok*" to complete works on their farms own by all families within each longhouse.<sup>36</sup>

60. To earn cash, Dayaks collect jungle products to sell at markets. With the coming of cash crops, Dayaks started to plant rubber, pepper, cocoa, etc. Nowadays, some Dayaks plant oil palms on their lands while others seek employment or are involve in trade.

61. The main dependence on subsistence and mid-scale agriculture by the Dayaks has made this group active in this industry. The modern day rise in large-scale monocrop plantations such as palm oil and bananas, proposed for vast swathes of Dayak land held under customary rights, titles and claims in Indonesia, threaten the local political landscape in various regions in Borneo. Further problems continue to rise in part due to the shaping of the modern Malaysian and Indonesian nation-states on post-colonial political systems and laws on land tenure. The conflict between the state and the Dayak natives on land laws and native customary rights will continue as long as the colonial model on land tenure is used against local customary law. The main precept of land use, in local customary law, is that cultivated land is owned and held in right by the native owners, and the concept of land ownership flows out of this central belief. This understanding of *adat* is based on the idea that land is used and held under native domain. Invariably, when colonial rule was first felt in the Kalimantan Kingdoms, conflict over the subjugation of territory erupted several times between the Dayaks and the respective

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<sup>36</sup> Report on the Iban by JD Freeman

authorities.<sup>37</sup>

62. **The Melayu.** Malay Indonesians are ethnic Malays living throughout Indonesia, as one of its indigenous peoples. Indonesia has the second largest ethnic Malay population after Malaysia with 1,259,890 persons registered in West Kalimantan. Historically, Indonesian, the national language of Indonesia, was derived from the Malay spoken in Riau Archipelago, a province in eastern Sumatra. There were a number of Malay kingdoms in Indonesia that covered the islands of Sumatra and Kalimantan, such as Srivijaya, Melayu Kingdom, Sultanate of Deli, Riau-Lingga, Sultanate of Bulungan, Pintianak Sultanate, and the Sultanate of Sambas.<sup>38</sup>

63. Melayu community has been commonly labeled as Muslim community and working mostly on aquatic resources such as river and lake. They speak Bahasa Melayu, which is also a dominant language in the provincial city, Pontianak.

64. In West Kalimantan, Melayu is the biggest ethnic group followed by Dayak. The same feature was found for Kapuas Hulu and Sintang districts. Leboyan village<sup>39</sup> in Danau Sentarum is mostly Melayu. Their main occupations are fishing and honey collecting.

65. By tradition,<sup>40</sup> farmers who open land are considered to become owners and retain rights in the land thereafter. Ownership thus derives from working the land and from social recognition in the community. In common with Dayak customs in West Kalimantan, a farmer also has first rights to open land inland from their current holding.

66. As for the forests used by villagers for the collection of forest products, these are considered to belong to the village as communally held lands and villagers, referred to as *pengurus hutan* (forest wardens), are responsible for looking after these areas, although we did not have time to clarify their exact role. Today these areas are known as *hutanbersamadesa* (common village lands) but the *desa* system was only actually introduced into the area in the early 1980s: before villages were known as *kampung*. The *Melayu* of Mekar Jaya recognise that forests are charged with spiritual powers but while they know neighboring Dayak groups actually locate these forests in sacred sites, the *Melayu* have no sacred places apart from gravesites.

67. Malay aristocrats tend to have patrilineal systems. In Mekar Jaya and Beringin, lands are inherited via cognatic kinship being given equally to male and female heirs, although the few adherents to stricter forms of Islam have taken to giving half shares to female heirs in accordance with sharia law. In practice, lands tend to be allocated by elders to their heirs when they get old rather than at death, maintaining the association between land ownership and those who actually work the land.<sup>41</sup>

## b. Farmers

68. Farming in both KPH are mainly rubber garden and dry land paddy field. Shifting cultivation is still a predominant method for paddy field development. After two to three years cultivated with paddy, the land is converted into rubber grade. In the two KPH, rubber garden is

<sup>37</sup> Iban Agriculture by JD Freeman

<sup>38</sup> "Propinsi Kalimantan Barat - Dayakologi". Retrieved 2012-09-07.

<sup>39</sup> Interview with community

<sup>40</sup> M. Colchester, S. Chao, N. Jiwan, A. I. Cinditiara, H. and E. Kleden. PT Agrowiratama and the Melayu and Dayak peoples of Sambas, West Kalimantan.

<sup>41</sup> *Ibid.*

the next stage of farming after paddy field. Dayak community usually prefers pig as their livestock while Melayu raise cow and sheep. It was found in the villages that Dayak also have cows.

69. Farming is the biggest population by occupation in Kapuas Hulu and Sintang. 63.15% of Kapuas Hulu population and 72.94% of Sintang population work on agriculture sector.

70. Recent findings however show that circular labor migration became more pronounced in the 1990s in West Kalimantan - referring to a pattern in which people seek work away from home but return after months or years. Among the Dayak/Iban men, they seek jobs across the border in Malaysia and Brunei where wages are higher and the currencies more stable, and men's earnings can be quite substantial by Indonesian standards. Wages are used to pay for consumer goods, subsistence foods when crops fail, and schooling for children and younger siblings. Chronic male absence negatively affects the home community in a number of ways, including increased workload on women in farming and domestic activities. However, as this study shows, women are more involved in agriculture regardless of the presence of men, and the absence of men does not negatively affect a household's ability to produce sufficient rice for itself. Likewise, male absence does not lead to male-poor households farming shorter (and less labor-demanding) fallows, which have been assumed to result in poorer yields. Factors that account for this situation include the widespread use of chainsaws in felling forest for farming, a functioning labor exchange system, household structure and composition, and women's control of their reproduction.<sup>42</sup>

### c. Women

71. The Merakai and Kapuas Hulu FMU are largely comprised of members of the Dayak ethnic groups (e.g. Iban, Kemuki, Mebaloh, Ketungau, among others). In 2013, the number of populations in Sintang and Kapuas Hulu District who lived under the poverty line was higher than the provincial average (10.09% of poor people in each district).<sup>43</sup> Some district officers suggest that it is partly due to the plummeting rubber price in the global market.<sup>44</sup>

72. In both districts, those graduating from primary schools and beyond are higher for males. Literacy is distinct by gender (see Table 16).<sup>45</sup>

**Table 16. Percentage of Illiterate Population (2013)<sup>46</sup>**

District	Men	Women
Kapuas Hulu	4.1 %	10.3 %
Sintang	5 %	12.4 %

73. *Adat* institutions have a major influence on the social roles and position of women in Dayak communities. Though women play important roles in certain ritual activities such as dance as prescribed in the *adat*, they are nevertheless constrained by the standards of conformity imposed through various cultural idioms. Socialization processes largely regulate women's public behavior into speaking less in public and confine them to the domestic

<sup>42</sup> Wadley, R.L. 1997. Circular labor migration and subsistence agriculture: a case of the Iban in West Kalimantan, Indonesia. Department of Anthropology, Arizona State University.

<sup>43</sup> BPS Kapuas Hulu. 2013. *Kabupaten Kapuas Hulu dalam Angka 2013*; BPS Kabupaten Sintang. *Kabupaten Sintang dalam Angka 2013*.

<sup>44</sup> BPS Provinsi Kalimantan Barat. 2013. *Statistik Pendidikan Provinsi Kalimantan Barat*.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid. n12.

household space/), and effectively limiting public position/s of leadership. The gendered nature of *adat* institutions is most particularly manifested in the absence of women in decision-making processes.

74. Despite limited involvement in the decision making processes at the village level and *adat* institutions, women in Kapuas Hulu and Merakai FMU have traditionally had the rights of access to land. Land inheritance is not based on gender, with men and women enjoying equal access to family land, even after marriage. Inheritance patterns were usually determined by ability or willingness of people (male or female) to care for their parents during old age. Those assuming responsibilities for parent-care in their old age tend to inherit more parental property than their siblings.

75. Women and men in Kapuas Hulu and Sintang District have combined production systems that rely on dry land paddy cultivation, vegetable gardening and rubber production. Women contribute extensively in the production and marketing of vegetables.

76. In terms of forest access, women and men have relatively equal access to forest resources. While women engage in numerous forest-related activities such as harvesting non-timber forest products (e.g. honey, traditional medicine, tubers and wild vegetables), men are usually in charge of harvesting timber forest products and hunting for fulfilling subsistence needs.

77. In the rotational fallow farming (shifting cultivation), there is a clear division of labor between men and women. Men are usually in charge of clearing land for trees and big bushes while women help to clear grasses and small bushes. The burning of the cleared land is mostly done by men. Paddy planting and weeding is mostly done by women while rice harvesting is carried out by both men and women. Women are responsible for post-harvest activities (drying, milling, storage and seed selection). There is a taboo associated with the sale of rice that has been self-produced, hence most of it is consumed rather than sold commercially.<sup>47</sup> However, some women cited that they occasionally sold their rice when there was a surplus.

78. One of the major sources of income in Kapuas Hulu and Merakai FMU is rubber. There is also a clear division of labor for rubber sap cultivation. Men are responsible for seed selection for planting, while women are in charge of weeding and pest control. Both men and women are involved in planting and rubber tapping and the men are usually in charge of marketing and transporting the latex.

79. Limited economic opportunities in both FMU areas have resulted in male-outmigration, mostly in search of jobs in urban areas and Malaysia. As a consequence, women are increasingly involved in rubber cultivation and all activities related to rotational fallow farming, hence increasing their work burden. Women tend to work longer hours than men because they are primarily responsible for domestic chores such as cooking, cleaning, child rearing, and taking care of elderly as well, and increasingly assuming responsibility for household food security.

80. In crop production, there are noticeable disparities in the division of labor between males and females. Women spend significantly longer hours in the field than men and they contribute extensively in the production and marketing of vegetables and paddy cultivation. Due to their

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<sup>47</sup> Julia and Ben White. 2012. Gendered Experience of Dispossession: Oil Palm Expansion in A Dayak Hibun Community in West Kalimantan. *The Journal of Peasant Studies*. Vol 39 (3-4): 995-1016.

high daily workloads, women have less time to participate in meetings or capacity building activities.

81. Women are less mobile than men as they have limited access to transportation means. Due to limited public transportation in both districts, communities are highly dependent on motorcycles for their daily transportation. During focus group discussions, men expressed their reluctance in allowing their wives to ride motorcycles, citing the potential risk that increased mobility of women could lead to neglect of the family.

82. Despite their extensive roles in production (including forest use and management), women (and also local men) are marginally involved in decision-making processes related to forest management at the FMU and district level. In addition, women's marginalization is further compounded by their exclusion in decision-making process at the community and household levels. For instance, in mixed rubber plantation groups in several sample villages, the membership is predominantly male although women contribute extensively in the rubber plantation. They are also severely underrepresented in village level decision making bodies, thereby preventing them from opportunities to voice their concerns, especially with regard to village development.

83. In FMU levels in Kapuas Hulu and Sintang Districts, there are several informal women's savings groups such as *arisan* and *Pendidikan Kesejahteraan Keluarga* (PKK, Women Education Welfare). In a sample village in Kapuas Hulu, there are several informal women farmer groups and gender mixed groups that mainly focus their activities on paddy/rice and vegetable agriculture. Strengthening the existing non-formal groups, improving women leadership skills and assisting the development of local organizations (such as co-operatives, forest farmer organizations) that are gender responsive, will be a crucial entry point in building women's self-confidence, providing access to capacity building activities (e.g. leadership, planning, book keeping, small business management, among others) and decision making process. In addition, the piloting of 2-3 women-only groups with access to a revolving fund will help to provide access to financial opportunities, while also creating an enabling environment for women's leadership. IFAD reports that when women control household income from their multiple activities, they usually spend it on their children (education, health, clothing) and enhanced nutrition and wellbeing for their families.<sup>48</sup>

#### **d. Community-Based Organizations**

84. Community organizations such as APDS (*Asosiasi Periau Danau Sentarum*)/ Danau Sentarum Honey Association, JMM (*Jaringan Menenun Mandiri*)/ Women Weaving Group, *Kelompok Nelayan*/ Fisher Groups, *Kelompok Tani*/ Farmer Groups are the primary stakeholders and most affected positively or adversely and vulnerable in the less influential groups. The community groups can be organized further into associations or cooperatives, developing their representation and leadership for their empowerment and increased bargaining position or decision making whenever they face external intervention. Formal and informal community organizations like Customary Law Community Leaders with their committee and formal *Kepala Desa* (head of village) with their deputies are channels for the delivery mechanism with other external groups. These stakeholders will be mapped in more detail for a better understanding of the distribution of roles of intervention and synergy during implementation.

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<sup>48</sup> IFAD. 2014. *The Changing Role of Women in the Economic Transformation of Family Farming in Asia and the Pacific*. Retrieved on January 8, 2015 from

## 2. Secondary Stakeholders

### a. Government as stakeholders

85. **National.** Government institutions are represented at central, provincial and district levels that provide policies, planning and design process for program financial arrangement as well as oversight during program implementation. At the central level, different ministries are interrelated in decision-making of the FIP Program. These include the Ministry of Environment and Forestry, Ministry of Finance, Ministry of Home Affairs, National Planning Board (Bappenas and Bappeda) including legislative (DPR and DPD) which produce laws and regulations. Special government institutions like BPK (*Badan Pemeriksa Keuangan*) at central and provincial level can play a role as auditor and oversee institutions during the project implementation.

86. **Sub-National.** Implementing and executing government units from provincial level government services and district levels include *Dinas Kehutanan*, Forestry Service, BP DAS (*Badan Pengelola Daerah Aliran Sungai*), Watershed Management Agency and BPKH (*Balai Pemantapan Kawasan Hutan*), Regional Office for Forest Area Assurance at province level, and FMU/KPH and other district government stakeholders headed by Bupati. They will play crucial roles in executing the project. Meanwhile at the planning level, Bappeda (*Badan Perencanaan Pembangunan Daerah*), Regional Development Planning Agency will function as the coordinating government entity in charge of sectoral planning.

### b. Civil Society

87. The civil society comprises of a wide range institution from NGOs, research institutions, as well as media. Research institutions such as UNTAN (University of Tanjung Pura), CIFOR (Centre for International Forestry Research) and ICRAF (International Center for Research in Agroforestry), international research institutions are also present with their research agenda and they can be of support for project intervention. International and national NGOs such as FFI and WWF are operating at the central level but have branches and are operational at district and even local community level. Local NGOs focusing on conservation and community development are present and active in Kapuas Hulu and Sintang districts. These include Fasda Sawit Lestari, KOBUS (*Komunikasi Budayadan Seni*)/Culture and Art Communication, Kompas (*Komunitas Pariwisata Sintang*), PRCF (People's Resource Conservation Foundation), SFC (Sintang Fishing Club), Lanting Borneo, FORINA (Forum Orang Utan Indonesia), and PAC (Putussibau Art Community). In addition, national NGOs such as AMAN (*Aliansi Masyarakat Adat Nusantara* or Indigenous Peoples' Alliance of the Archipelago) also have a representation at province and community level. There are also a series of bilateral government donor institutions present in West Kalimantan such as GIZ with its FORCLIME (Forest Climate Programme), USAID with TFCA (Tropical Forest Conservation Action), MCA-I (Millennium Challenge Account-Indonesia) and JICA with IJ-REDD (Indonesia-Japan REDD).

### c. Private Sector: Business and Industry

88. Private sector includes palm oil companies, logging/timber concession, mining and carbon project developers. Despite expansion of their business that has been increasing deforestation, their importance to FIP through CSR is yet to be identified while influence to communities might be potentially strong in some points.

## Stakeholder Power Relations

89. In Table 17, stakeholder groups are analyzed based on their importance and influence to the achievement of outputs and outcomes of the FIP program. The importance is related with types (direct or indirect) of engagement of stakeholders in program design and implementation. Influence is related to power (political, social as well as economic) and authority that the stakeholders have in relation to decision making of program design and implementation. Both importance and influence are scored between 1 and 5. Score 1 for the little/no importance or influence, 2 for some, 3 for moderate, 4 for very important/significant and 5 for critical or very influential player. Results show the following:

- (i) Government stakeholders have important roles, thus scored high on both importance and influence scales though implementing/executing government institutions with decentralized modalities scoring slightly higher (5) than central government (4).
- (ii) Communities and community groups scored high (5) under the importance scale but low (2) on influence.
- (iii) CSOs/NGOs were deemed average in terms of importance and influence.
- (iv) Private/business sector may not be that important (2) but rated 4 on the influence scale.

**Table 17. Stakeholder Importance and Influence Analysis**

Stakeholder Groups	Stakeholder Interest	Project Effect on Interest	Stakeholder Importance	Stakeholder Influence
<b>Central Government Institutions</b>	Policy formulation, Financial arrangement, Supervision and oversight	Supportive, Indifferent	4	4
<b>Executing/Implementing Government Institutions</b>	Program target achievement, Coordination cooperation	Supportive, Indifferent	5	5
<b>International and National NGOs</b>	Program Transparency Participation Support	Supportive, Indifferent, Objective	3	3
<b>Research Institution and Media</b>	External Monitoring and Evaluation	Supportive, Indifferent	2	2
<b>Community (including Women) Organizations</b>	Participation, Employment, Better Livelihood, Better Income.	Supportive, Indifferent	5	2
<b>Private Sector (Palm Oil, Logging/ Timber Concession, Mining)</b>	Business Expansion, Cooperation, Profits, Corporate Social Responsibility	Supportive, Indifferent, Objective	2	4

\*U: Unknown, 1: little/no importance, 2: some importance, 3: moderate importance, 4: very important, 5: critical player.

\*\* U: Unknown, 1: little/no influence, 2: some influence, 3: moderate influence, 4: significant influence, 5: very influential.

90. Key stakeholder groups like government and beneficiaries determine levels of success or failure of the program. Similarly, CSOs/NGOs have roles to play as well. This analysis guides the effort needed by implementers to create balance and maximize desired program outcomes. Empowering the important stakeholder and powerless especially the community groups as primary stakeholder is the main objective of this participation plan as well as capacitation of implementers and other sectors necessary for the success of the project.

## IV. POVERTY ASSESSMENT

### Framework for Poverty Assessment

#### 1. Poverty in Indonesia

91. Indonesia is the 16<sup>th</sup> largest economy in the world, and the biggest economy in the Association of Southeast Asian Nations (ASEAN). The country has continued to record strong economic growth over the past 6 years, and it has made significant strides in reducing the incidence of poverty countrywide. The government's medium-term development plan for 2010–2014 and the Master Plan for the Acceleration and Expansion of Indonesia's Economic Development, 2011–2025 seek to address challenges that persist due to Indonesia's vast size, geographical spread, and rapid urbanization.<sup>49</sup>

92. Indonesia is now entering its third National Middle Term Development Plan or *Rencana Pembangunan Jangka Menengah Nasional* (RPJMN), 2015 – 2019. RPJMN was part of National Long Term Development Plan or *Rencana Pembangunan Jangka Panjang Nasional* (RPJPN) established through Law No. 17 of 2007. The main goal of RPJP and RPJM is to attain the ideal goals, namely (i) to realize public welfare through economic development that is based on its competitive advantage, its natural resources, its human resources and national culture, which is fully supported by the mastery of science and technology, (ii) to realize a society, nation and state that is democratic, civilized, dignified, and upholds the responsibility of freedom and basic human rights, and (iii) to realize development that is just and equitable, that is carried out actively by all, and which results can be benefitted by all the Indonesian people.

93. In the last five years, Indonesia has a good economic growth of almost 6 % on average per year. It has driven broader job opportunities and reduced unemployment rate from 7.4 in 2010 to 5.9 in 2014. Poverty rate has also been reduced from 32.5 million in 2009 to 27.7 million by September 2014 or from 14.1 to 10.96% in the same period. Economic growth in 2012 was 6.3% but decreased to 5.8% in 2013<sup>50</sup>. A report by World Bank in December 2014<sup>51</sup> estimated the national economic growth would be 5.1% in 2014 less that the target 5.2% and is predicted to be at the same rate in 2015 due to weakened investments and exports.

**Table 18. National Economic Development Targets**

Parameter	2014	Projection				
		2015	2016	2017	2018	2019
Growth of GDP (%)	5.1	5.8	6.6	7.1	7.5	8.0
Growth of GDP per capita (million Rp)	43.403	47.804	52.686	58.489	64.721	72.217
Human Development Index	0.738 (Baseline)					0.763 (Target)
Average population growth	1.49%/year (2000-2010)					1.19%/year (2010-2020)
Poverty rate (%)	10.96	9.5-10.5	9.0-10.0	8.5-9.5	7.5-8.5	7.0-8.0
Unemployment rate (%)	5.9	5.5-5.8	5.2-5.5	5.0-5.3	4.6-5.1	4.0-5.0

Source: Source: RPJMN 2010 - 2019

94. GDP per capita of the country in 2013 was USD 3,500 decreased a bit compared to

<sup>49</sup> ADB. <http://www.adb.org/countries/indonesia/main>.

<sup>50</sup> RPJMN 2014-2019.

<sup>51</sup> Laporan Bank Dunia: Pertumbuhan Ekonomi Indonesia Pada 2015 Diperkirakan 5,2 Persen in <http://www.worldbank.org/in/news/press-release/2014/12/08/indonesia-to-grow-by-5-2-percent-in-2015-world-bank-report>.

2012 which was USD 3,583 due to rupiah depreciation. In Rp GDP per capita in 2013 was higher than that of 2012 that is Rp 36.5 million in 2013 compared to Rp 33.5 million in 2012. It is expected that economic growth will grow to 6% in 2016 and up to 7.1 percent in 2017 and grow higher in 2018 and 2019, which is expected to be up to 8.0 percent. The government has planned to push the economic growth by implementing investment sound economic policies. With this estimation of growth, GDP per capita will be increased from an estimation of up to USD 3,918 in 2015 to be up to USD 6,018 in 2019.

95. Poverty rate is projected to continuously go down along with higher economic growth until 2019. It is predicted that poverty rate in 2019 will reach 7.0 – 8.0 by the end of 2019 and unemployment rate will decrease to 4.0 – 5.0 in the same year. Government projection of poverty reduction in the period 2014 – 2019 is provided in Figure 3.

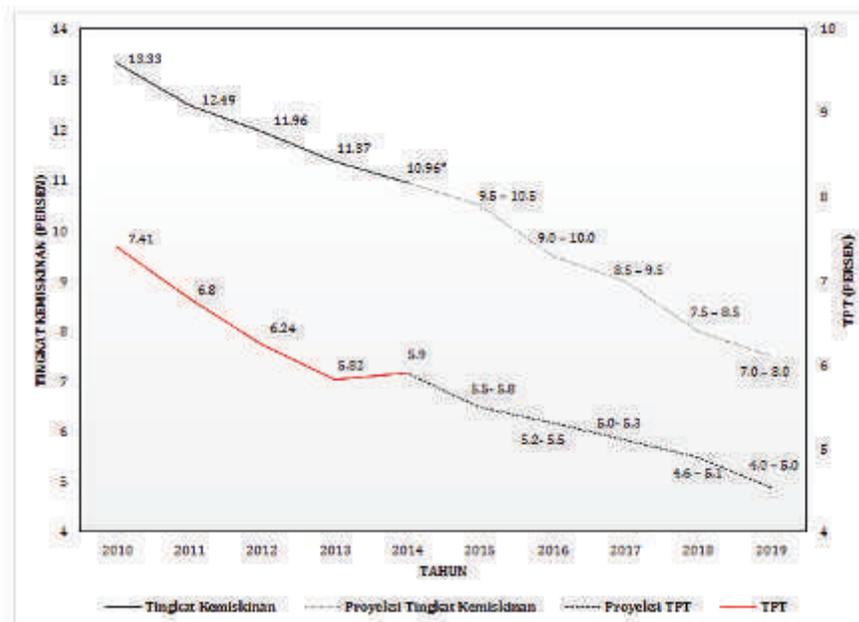


Figure 3. Projection of National Poverty Reduction up to 2019

96. **Responding to MDGs.**<sup>52</sup>The first MDG has three targets: (i) between 1990 and 2015, halve the proportion of people whose income is less than one dollar a day; (ii) achieve full and productive employment and decent work for all, including women and young people; and (iii) between 1990 and 2015, halve the proportion of people who suffer from hunger. Escaping income poverty depends on decent employment, while having a sufficient income to buy food is vital for avoiding hunger.

97. Applying GOI measures of poverty, the government works out the cost of buying enough food in urban and rural areas in each province for all family members, as well as a small amount for essential goods and services. In 2014, the value was estimated at Rp300,000 per person per month such that compared to 2011 values; poverty fell by half currently stands at 11%. Using the World Bank's extreme poverty line of \$1.25 per day, poverty had fallen to 16% by 2011, a decline of 70% from 1990. Both show that Indonesia has already successfully achieved the goal of halving poverty before the 2015 deadline.

<sup>52</sup> Vivi Alatas and Matthew Wai-Poi. 2015. *Eradicating Extreme Poverty and Hunger*. In Inside Indonesia. <http://www.insideindonesia.org/an-ongoing-environmental-challenge>.

98. However, gaps<sup>5354</sup> are still noted with respect to national development activities under various priorities especially as means to address MDGs:

- (i) Inter-province poverty rate has wide discrepancies.
- (ii) The fulfillment of basic needs and basic services among social groups show relatively high discrepancies, i.e.a) Those in the lowest 40% income group still consume calorie of below 2,100 kcal/capita/day - the minimum calorie requirement; b) Health services through the *Puskesmas* and medical doctors are also still low; and c) Access to clean water is still limited.
- (iii) Absorption of new workers mostly comprises informal workers, who normally depend on small and micro business enterprises that have limited access to productive resources for developing their businesses.
- (iv) Gender equality is still limited in various fields of development while women's role in increasing their families' quality is very significant in various economic activities.

99. Per RPJMN, inclusive and fair development is imperative and must involve all stakeholders to actively participate and cooperate by building up the consensus for having concerns for communities that are still left behind. Affirmative policies must be implemented to overcome discrepancies, the state of being left behind, and poverty, that still characterize the majority of the population. Such affirmative policies can succeed if supported by effective coordination and process of consultation among all stakeholders.

## 2. Forest Resources and Poverty

100. There are three key linkages as regards forest resources and poverty:<sup>55</sup>

- (i) There are important causes and effect relationships between the transformation of rural livelihoods and dramatic changes in forest cover because they occupy shared geographical space and have occurred in roughly the same time period.
- (ii) Poor people in remote rural areas tend to have a relatively high level of dependence on goods and environmental services from natural forests for their sustenance.
- (iii) In spite of their dependence on forests, some rural people have derived great benefit from the elimination of forest cover through increased access to arable land and through conversion of timber and other forest products into income and capital.

101. As expounded in the RPJMN 2010-2014, the main factor influencing the management of natural resources is the prioritization of development embedded in Indonesia's status as a developing nation. Environmental problems arise because strategies to achieve development are still heavily dependent on the exploitation of natural resources. Even though the APBN lists the forestry sector as contributing only 1% of all state revenue, income from related activities such as mining has a direct influence on the level of deforestation and forest degradation in Indonesia. The issue of development is closely linked to the need for land for both productive

<sup>53</sup> Regulation of the President of the Republic of Indonesia No 5 of 2010 Regarding the National Medium Term Development Plan (RPJMN) 2010-2014, Book 1: National Priorities. (2010) Ministry of National Development Planning/National Development Agency.

<sup>54</sup> lin P. Handayani. (2012) Beyond statistics of poverty. <http://www.thejakartapost.com/news/2012/02/13/beyond-statistics-poverty.html>

<sup>55</sup> William D. Sunderlin and Huynh Thu Ba. (2005) Poverty Alleviation and Forests in Vietnam. *Center for International Forestry Research (CIFOR)*, P.O. Box 6596 JKPWB, Jakarta, Indonesia.

uses and residential purposes leading to the expansion into frontier regions, which is an integral part of development, but also has a major impact on deforestation and forest degradation. It is deemed that REDD+ will be effective insofar as it has adequate support from stakeholders, where the extent to which it can contribute to the local economy and livelihood is of primacy.

102. The RPJNM 2010-2014 underscores that economic growth must not damage the natural environment as it leads to unsustainable economic growth. Ineffective management of natural resources will result in the rapid depletion of resources and could easily lead to the recurrence of a food and energy crisis, as occurred in 2007-2008. Degradation of the natural environment will result in the increase in the cost of living and a reduction of the quality of life. Degradation of the natural environment is also suspected to be one of the main causes of epidemics and respiratory diseases. Environmental aspects become more widely associated with climate change issues, which are strongly linked with degradation of the natural environment and with not environmentally friendly activities. Climate change threats do not only relate to the potential occurrence of unpredictable calamities, like natural disasters, but also threaten the productivity of natural resources. If this happens, then the food crises could recur again.

103. The vicious cycle of poverty and environmental degradation is pronounced within forest communities. In a study by Wadley (1997) Iban subsistence revolves around the cultivation of rice in hill, floodplain, and swamp swiddens. Hill swiddens, cut from long-fallowed forest, are particularly important. In addition, cash cropping, especially of rubber, supplements subsistence farming. However, the lack of good prices and local markets for cash crops results in high frequencies of male wage-labor migration. Among Iban males, it is largely across the border in Malaysia and Brunei where wages are higher and the currencies more stable, and men's earnings can be quite substantial by Indonesian standards. Wages are used to pay for consumer goods, subsistence foods when crops fail, and schooling for children and younger siblings. Chronic male absence negatively affects the home community in a number of ways, including increased workloads on women in farming and domestic activities. However, as this study shows, women are more involved in agriculture regardless of the presence of men, and the absence of men does not negatively affect a household's ability to produce sufficient rice for itself. Likewise, male absence does not lead to male-poor households farming shorter fallows - assumed to result in poorer yields. Factors that account for this situation include the widespread use of chainsaws in felling forest for farming, a functioning labor exchange system, household structure and composition, and women's control of their reproduction.<sup>56</sup>

104. Unsustainable land use systems have led to soil erosion and land degradation, forcing local and MHA farmers to encroach on the remaining forests in order to expand agricultural production. These problems lead to marginalization of forest communities especially MHAs, increase population pressure on existing resources, and farming on marginal, unstable sites where traditional agriculture is not sustainable. Such a state of affairs further depletes forest resources and degrades the environment, aggravates poverty and worsens the living conditions for the rural population.<sup>57</sup>

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<sup>56</sup> Wadley, R.L. 1997. Circular labor migration and subsistence agriculture: a case of the Iban in West Kalimantan, Indonesia. Department of Anthropology, Arizona State University.

<sup>57</sup> M. Pollisco-Botengan, et al. 2000 Poverty Assessment in Project Areas and Impact of Project Intervention on Poverty Reduction: The Social Dimensions (2000) for the ADB-PPTA on Community-Based Forest Resources Management Project in Mindanao.

### 3. Poverty, Land and Natural Resources

105. Economic growth of West Kalimantan in 2014 was 5.02%. The structure of West Kalimantan economy was mostly contributed by three main sectors: agriculture, forestry and fishing which consist of 21.64% of the economy of the region while industry makes 16.52% contribution<sup>58</sup>. The population of West Kalimantan living under poverty line by March 2014 was 401,510 peoples or 8.54% of total population of the province. The number was decreased 0.20% from 8.74% in September 2013. Poverty line in September 2013 was Rp 270,306 per capita per month while in March 2014 the line was Rp 282,885. Food supply was the largest contributor to poverty line of the province, which was 77.50% while 22.50% was contributed by non-food factors.

106. The primary beneficiaries of the project would be forest dependent communities, including women and indigenous peoples, which make up 63% of West Kalimantan population, where large part of their village areas located in the State forest. Many of them are poor with average daily income USD 1.71 or around Rp 21,500.

107. Poverty line of Kapuas Hulu in 2013 was Rp 304,138 per capita per month and the number of people categorized as poor was 26,400 or 11.11 % of total population of the District. For Sintang District poverty line in 2013 was Rp358,693 per capita per month<sup>59</sup>. It is evident that in project areas, both the poverty line and those living below the poverty line are much higher compared to the provincial values.

108. In West Kalimantan, the Melayu is the largest ethnic group followed by the Dayak. At the district level, MHAs make up a significant percentage of the population: in KPH Sintang, most households belong to the Dayak group and in Kapuas Hulu 71% of the population are MHAs of which 63.2% are Dayak, 7.8% Melayu, and the rest are from smaller MHA groups. See section Indigenous People for ways of life and indigenous knowledge systems in relation to land and natural resources.

### 4. Causes of Poverty at the Village Level

109. Project villages are found within state forests and confusion still abound as regards tenure via definition of what is MHA and *adat* lands. Based on the social survey conducted in late 2014, distinct factors that define poverty outside of the debate on security of tenure at the project village level are: (i) limited access to capital, (ii) limited access to market, (iii) limited access to technology, and (iv) for knowledge and skills, particularly in added value economic activities.

#### a. Limited access to capital

110. Credit institutions available in Kapuas Hulu and Sintang consist of bank and non-bank institutions – non-bank includes middlemen. Lending institutions apply rigid loan terms and conditions. Farmers are therefore not able to generate savings that could be used as capital for investment needed to save them from the debt trap. The marginal areas of beneficiaries necessitate the application of production inputs, which farmers could hardly afford due to high cost. Local/MHA communities become indebted to middlemen who provide the much-needed capital requirement on a loan basis or other household needs requiring cash. The household

<sup>58</sup> Berita Resmi Statistik Provinsi Kalimantan Barat No. 12/02/61/Th.XVIII, 5 Februari 2015

<sup>59</sup> <http://kalbar.antarane.ws.com/berita/327709/jumlah-penduduk-miskin-sintang-bertambah>

economic lifespan is a never ending and vicious debt cycle.

**b. Limited access to market, rural infrastructure, and market-related information**

111. Access to market is strongly influenced by poor infrastructure (road, electricity, and communication) such that they could only access local markets at the district or provincial cities. The market system is limited only to local buyers and traders. Rarely and only on occasions when they have big volumes of produce do farmers go directly to trading centers mainly due to the high cost of transporting goods. In all assessed villages, the weak link with market centers is caused mainly by poor farm-to-market roads hence high transport cost. These limit the external flow of goods as well as the entry of market-related services. Similarly, the lack of access to information on market prices has not kept farmers abreast of other business opportunities.

**c. Limited access to technology and service centers**

112. Communities could only market their raw products (rubber, pepper, gaharu) in very simple mode: selling raw product and getting cash money. Even for processing non-husked rice, they just use traditional devices. Thus, there is low or even nonexistent added value technology resulting in low quality of products.

113. Villagers in both KPH only have traditional agricultural devices. For example, in Radin Jaya village, there is only one household that has a tractor. To access clean water, the villagers have bamboo pipes to channel the water from water source, as they lack reservoir and a modern piping system. All of these limit their time to engage in the production process, not only in agriculture but also in domestic matters.

114. This scenario is further compounded by the geographical inaccessibility from service centers that require additional transportation cost. The presence or absence and nature of technological use are a function of cost, knowledge and skills and on exposure to appropriate and more efficient farming systems. These MHA households rely on traditional farm implements and practices because of the prohibitive cost of inputs/technology. Even hunters and NTFP gatherers among MHA households still make use of traditional tools.

**d. Poor absorptive capacities**

115. The absorptive capacity of project participants was assessed on the level of knowledge and skills and is most evident in the low level of educational attainment and technical knowledge, organizational and entrepreneurial skills. There is lack of training provided by governments for villagers especially those with poor educational attainment. Most NGOs works on advocacy have provided very little capacity building in terms of specific skill and knowledge the villagers need for agricultural development, sanitation improvements and marketing.

116. Among MHA households the system of conflict resolution follows their customary practice with the Penghulu normally prevailing in procedure and decision-making. Decision-making is done through discussions but the word of their Penghulu is given more weight.

## V. SOCIAL IMPACTS, RISKS AND MITIGATING MEASURES

### Overall Social Impacts and Strategies to Address Impacts

117. Table 19 provides a comprehensive identification of FIP social impacts – both positive and negative – with ensuing mitigating measures for the negative social impacts emanating from the list of outputs and associate activities per output.

118. Particular to social safeguards and gender concerns, the identified impacts justify the need to prepare the following as mitigating measures in themselves, (i) IP Planning Framework, (ii) Resettlement Framework, and (iii) Gender Action Plan.

#### 1. Indigenous Peoples

119. The Project will cover IP areas within its target areas. Almost 100% of the Project beneficiaries are IPs. The project is deemed to have both positive and negative impacts on project beneficiaries specifically with respect to customary rights/tenure use and access to land and resources as brought about by FIP interventions. Should ecotourism projects be initiated, there is probability of threatening the cultural integrity of IP communities that may be subject to commercialization. There is need to safeguard indigenous knowledge and practices from exploitation.

120. The FIP approach therefore is anchored on improving development outcomes for IPs through their informed participation and decision-making. Culturally sensitive social participation modalities are central to FIP operations building on peoples' knowledge and capacities in the process of transferring technology and extending access to opportunities.

121. FIP strategies for IP participation are built into the IP Planning Framework (IPPF: Please see separate linked document) that provide the guidance in the development of project-specific IP Plans (IPP). The process by which the IPP is formulated shall conform to the procedures stipulated in the ADB-SPS 2009 as elaborated in the IPPF with concurrence by government.

122. A series of meaningful consultations will be conducted by the IA to be led by its IP focal person before the actual formulation of the IPP in order: (i) to fully inform all IP community members about FIP as well as their rights and responsibilities in relation to FIP activities; (ii) to get the commitment of concerned IP community members to eventually formulate their IPPs; and (iii) to identify representatives of the IP community and IP NGO community as to who will work with IAs to formulate the IPPs. Broad community support may be required, but subject to the results of a full blown social impact assessment to be conducted at implementation stage.

#### 2. Involuntary Resettlement

123. Table 19 similarly shows that for involuntary resettlement, FIP outputs and activities may result in economic displacement or restriction to access among IP communities (or even non-IPs) as in the case of some civil works and the spatial planning.

**Table 19. Matrix of Social Impacts**

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
<p>1. Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts.</p> <p>REDD+ pilots focusing on forest livelihood options implemented with MHA and local communities, including women. Livelihood options include non-land based activities (including NTFPs) - beekeeping, fish culture, handicrafts, community based ecotourism, and land based activities including 1,880 ha of agroforestry systems (rubber-coffee and rubber-gaharu), and rubber plantation. The implementation of these activities will include training as required and the development of supporting facilities, which may include: micro-hydro and small-scale village Infrastructure (including small roads rehabilitation (2km and 2m wide per village) and facilities for ecotourism). Formulation of Community Based Forest Management agreements with local communities.</p>	<p>The project provides alternative livelihoods and household income: added value from, rubber, honey and handicraft, including in processing and marketing.</p> <p>The project potentially endorse the change of status from illegal to legal of community existence in the FMU/KPH areas and improved capacity for sustainable forest management</p> <p>The development of the Project has the potential to improve existing social infrastructure and to increase access to towns. It is noted that the Project will involve the upgrade of 2km roads for participating villages and this will reduce current travel time to and from service centers (includes schools, markets and medical facilities) and reducing costs of transportation of goods as well as increasing business opportunities.</p> <p>The Project will improve access to market, rural roads from farm to market and enhance required capacity of community to have access to market</p> <p>It also has the potential to improve health conditions in the local area should electricity be provided to</p>	<p>Positive impact in economic gain might trigger undesired competing claims over resources that are addressed by project activities, such as competing claims over rubber agroforestry areas; claim over area for ecotourism development, etc.</p> <p>There might be raising potential impact to community culture/tradition and institutions due to development of ecotourism with outsiders coming and interacting closely with community.</p> <p>New learnings especially conceptual ones (REDD+, GHG, etc) may impact on worldviews: their connection to local culture and tradition related to social organization, natural resources management and ecosystem services</p> <p>It may affect their access to land and forests; while value added income generating activities results to raising income in terms of cash, it may lead to commercialization of cultural practices that affect social relationships and sense of collectivity in natural resources management.</p> <p>Encroachment of forest due to improved access to market and</p>	<p>Endorse clarity of tenure through participatory mapping to prevent conflicting claims over lands and forest, promoting CBFM as the main approach of the Project activities</p> <p>Secure consent through broad community support. Building consensus among community member on the clarity of claims over the area.</p> <p>Consultation and intensive discussion with community regarding potential change and or transformation they might be facing and build awareness among the MHA</p> <p>Conduct of meaningful consultation and participation and operationalize culturally appropriate communication strategies.</p> <p>Provide clear information on community culture/traditions, local institutions and their role for outsiders. Developing rules of the game for outsiders while being in and interacting with the communities.</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
	<p>MHA and local communities. The provision of local electricity supply can decrease reliance on other energy resources, such as burning firewood, which can negatively impact on health, for example increasing the risks of respiratory diseases and high mortality/ morbidity rates, in poorly ventilated dwellings (ADB, 2012).</p> <p>FMU staff and MHA/ local communities will have enhanced understanding and capacity to involve and participate in REDD+ readiness and implementation, FPIC procedures, conflict mediation, landscape management and payment for ecosystem services</p> <p>MHA communities will have the opportunity to participate in REDD+ pilots focusing on livelihood and will have capacity to develop value added non-timber forest products processes and showcase their culture through ecotourism which is in turn can raise their income and connect them to markets.</p> <p>Activities on food production may prevent the community from opening up more forest areas for shifting cultivation. Communities are able to participate in</p>	<p>rehabilitation of rural roads.</p> <p>Social exclusion due to elite capture in the development of the Project, particularly when the Project started to provide benefit.</p> <p>These may however affect community traditions as regards the agricultural cycle from opening the forest to harvesting ceremonies.</p> <p>Economic displacement or restriction to access amongst households traditionally utilizing the area.</p> <p>Vulnerable groups which can include women, children, economically disadvantaged and MHA communities are typically less resilient to change, may be more vulnerable to project impacts and may also have limited opportunities to take advantage of the benefits of development.</p> <p>Permanent and temporary losses of small areas of land due to rehabilitation/ construction works may be unavoidable, in addition to loss of crops, trees and structures, may occur, although not expected to cause severe impacts since rehabilitation works will be carried out within existing right-of-way.</p>	<p>Impact on connection to culture and tradition will be addressed through well designed training and workshop that provide transformative perspective on local culture to show its conformity with modern science and knowledge.</p> <p>Strengthening monitoring system of KPH with community participation and improve coordination between community institutions and KPH</p> <p>Revisit knowledge management initiatives for the project. There may be no need to force through some concepts. Rather, project implementers will have to base REDD+ concepts anchored on traditional forest management schemes and reinforce these.</p> <p>Appropriate livelihood replacement for lost areas whether in terms of new area for daily occupation or in terms of alternative economic activities</p> <p>The pricing policies of Project</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
	<p>sustainable food production management.</p> <p>Provision of electricity for communities which they can use to support domestic activities</p> <p>Provides opportunities for communities to participate and share access to benefits from forest management; with security of tenure.</p> <p>Tenure clarity</p>	<p>Decrease in traditional community decision-making with respect to natural resource management. As a state-driven initiative, MHA communities will be subject to control through the FMU: plans will have to be in line with the FMU Long Term Management Plan.</p> <p>Classification and zoning of under spatial planning may restrict access to areas and resources presently available to MHAs.</p>	<p>benefits, for example electricity supply has to ensure that distribution of Project benefits is equitable and considers the economic limitations of certain groups.</p> <p>KPH authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate meaningful and effective participation. Social preparation has to be considered and planned well with communities.</p>
<p>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</p> <p>Some activities include:</p> <p>(i) Province-wide workshops, exchange visits, and training programs conducted on REDD+ concepts, FMU (KPH) business plan development, carbon accounting, and SFM guidelines</p> <p>(ii) Provincial safeguard information system and grievance and redress mechanism, developed and implemented</p> <p>(iii) Multi-stakeholders</p>	<p>Strengthened capacity for preventing deforestation and forest degradation</p> <p>Provides opportunities for communities to participate in alternative economic activities and get benefits from these activities, participate in policy collaboration and information dissemination</p>	<p>Potential restriction of access to forest and forest lands</p> <p>As the Project area is largely rural, agricultural based economy dependent on natural resources is likely to be high. The Project will have to consider the use of natural resources in the context of how the Project might increase competition and/or conflict over natural resources, including water. The Project may impact on MHA communities' use of water for irrigation and drinking supply.</p>	<p>Providing alternative livelihood for household income design in close participation of communities</p> <p>Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
consultations conducted to improve Accountability & Transparency on Kapuas Hulu and Sintang districts land use planning, hence accelerating the process to legalize the spatial plan			
3. Sub-national fiscal policies on REDD+ harmonized with national policies	Effectiveness of implementation of REDD+ Strategy and sustainable forest management	Potential restriction of access to forests and forest lands. Potential restriction could result in disorientation of communities as to what could substitute for their loss of income due to limitations. For the time being they are strongly dependent upon forests and forestlands. Sudden restrictions will cut their dependency on the forest and its resources.	Social preparation is necessary in the provision of alternative income generating activities prior to implementation of the project and should include clear information regarding possible impacts and alternatives.

124. Permanent and temporary losses of small areas of land due to rehabilitation and construction work may also be unavoidable. In addition to loss of crops, trees and structures may occur although not expected to cause severe impact since rehabilitation work will be carried out within existing right-of-way.

125. A FIP resettlement framework (RF) is prepared as a mitigating measure in line with the ADB Resettlement policy to ensure that affected persons (APs) are recognized as project beneficiaries. The policy also covers all IPs as APS. The RF provides the guidance notes in preparation of project-specific Resettlement Plans in areas where involuntary resettlement will be triggered. As such, the Project will generate the necessary consultation and participation procedures in the conduct of its key activities across project stages.

126. While avoidance of resettlement issues is a definitive criterion for subproject selection, FIP management will ensure that subprojects are community-identified, small-scale types and agreed upon by stakeholders.

### **3. Impacts on Women**

127. A gender action plan (GAP) has been prepared based on findings from this PSA in close consultation with stakeholders that significantly include women and women leaders. The GAP is designed to address three key issues: empowerment for participation and decision-making on natural resource management, improved access to services which will in the end redound to decreased time and effort for performing household reproductive activities.

128. In the GAP, women are identified as one of the critical groups for capacity building and increased awareness to environment and natural resource management. Thus participation modalities have primarily been designed for woman as reflected in the FIP design and monitoring framework.

## **Social Risks**

### **4. Labor**

129. Labor issues are likely to occur alongside the concerns raised under involuntary resettlement though these are deemed low under the project inasmuch as the beneficiaries will be provided with alternative livelihood options and capacity building. While there may be some civil works under FIP, these are small-scale in nature that will be manageable under national labor laws and international social safeguards and social impact assessment best practice. The necessary mitigating measures of local hiring will prevail with caveats to avoid child labor.

### **5. Affordability**

130. It is recognized that vulnerable groups which can include women, children, economically disadvantaged and IP communities are typically less resilient to change, and thus may be more vulnerable to project impacts. These groups may have limited opportunities to take advantage of the benefits of development. In the case of provision for electricity through the establishment of 5 micro-hydropower plants, the pricing policy of the project – if at all - has to ensure that distribution of Project benefits is equitable and considers the economic limitations of certain groups.

## 6. Communicable Diseases

131. Communicable diseases put project-target beneficiaries at risk especially the poor and vulnerable sectors - not only physically/medically but also in terms of costs thereby threatening the attainment of development goals. The following have been documented on some communicable diseases prior to FIP implementation:

- (i) In West Kalimantan, since the opening of the Sanggau General Hospital in May 2008 up to June 2010, the clinic has detected 45 people infected with the deadly AIDS/HIV virus, 15 male and 30 female. There were also four AIDS cases involving children under four years old; two of the four were babies.<sup>60</sup>
- (ii) Data on malaria in West Kalimantan the past three manifest an increase in incidence: in 2006, 63,804 people had malaria, in 2007 - 80,477 people, and in 2008 - 73,192 people.<sup>61</sup>
- (iii) Dengue fever increased during the first semester of 2009 in West Kalimantan more than that of the previous year. To date, there is no area in West Kalimantan that is free of dengue fever and thus there is a tendency for increased cases.

132. Climate change and population mobility are factors identified to promote the spread of the above communicable diseases. It is deemed however, that the project will not in any way increase transmigration outside the project sites, nor will it promote movement towards project areas specifically because FIP will be working largely with IP communities within IP/*adat* areas. Nevertheless, such occurrences should be base lined and monitored at implementation.

### Development of Action Plans

133. Action plans such as the Consultation and Participation Plan and the Communications Strategy/Plan have been prepared to serve as social and management tools under FIP and these plans identify necessary steps in realizing project impacts, outcomes and outputs.<sup>62</sup>

## 7. FIP Consultation and Participation Plan

134. Tables 20-23 illustrate the consultation and participation plan for each group of stakeholders. The plan covers Design and Monitoring Framework (DMF), project outputs: (1) Community focused and Gender REDD+ pilots implemented in Kapuas Hulu and Sintang districts, (2) Provincial REDD+ strategy in West Kalimantan effectively implemented, and (3) Sub national carbon policies are harmonized with national policies.

<sup>60</sup> <http://www.antaraneews.com/en/news/1289652356/hiv-aids-awareness-in-west-kalimantan-rising>.  
Nov 2010.

<sup>61</sup> <http://www.alpensteel.com/article/55-114-artikel-non-energi/1251-west-kalimantan-dengue-cases?format=pdf>.  
2009.

<sup>62</sup> Developing a Strategic Plan in Community Toolbox. University of Kansas. 2013.

**Table 20. Consultation on Design and Monitoring Framework**

Stakeholder Group	Objectives of Their Intervention	Approach to Participation & Depth	Participation Method		Time Line		Cost Estimate
			Method	Responsible	Start Date	End Date	
<b>Central Level Government Institutions</b>	Relevant officials from Ministries: Environment and Forestry, Agrarian and Spatial Planning, Home Affairs, Bappenas, Finance for their inputs	Consultation, depth: high.	Consultation Workshop with an external facilitator.	Pustanling	Feb 2015	April 2015	USD 11,000
<b>Executing /Implementing Government Institutions</b>	Head and relevant officials from KPH, Dinas Pertanian, Dinas Kehutanan dan Perkebunan, Bappeda, TN Danau Sentarum, TN Betung Kerihun, BPKH to get inputs from and develop their ownership.						
<b>International and National NGO</b>	Relevant officials from international and national NGO working in the project areas to share information and get inputs from them.						
<b>Research Institution and Media</b>	Relevant officials from research institution and media for information sharing, to get inputs and media coverage.						
<b>Community (including Women) Organization</b>	Leaders and representatives of community organization to get inputs from and develop ownership.						
<b>Private Sectors</b>	Relevant officials for sharing information						

**Table 21. C&P Plan on Project Output 1: Community focused and gender responsive REDD+ implemented in Kapuas Hulu and Sintang Districts**

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy and guidelines, and to plan and coordinate the implementation of project activities	Consultation, Depth: high.	Through regular steering committee and technical consultative group meetings and routine office work	Team Leader, Project Support Unit	2017	2021
UPT (BPDAS, BP2HP, BPKH, BK NP, DS NP) and FMU (KPH P/K/L) as Implementing Units.	To plan and implement project activities in the project areas	Partnership, depth high.	<p>Involvement in project activities in line with descriptions as found in other project documents, including:</p> <ul style="list-style-type: none"> <li>▪ train FMU staff, MHA and local community members, including women, on REDD+ aspects;</li> <li>▪ enforce forest law;</li> <li>▪ oversee implementation of safeguards, FPIC, conflict mediation and PES;</li> <li>▪ establish a REDD+ monitoring and safeguard information system with geospatial databases;</li> <li>▪ develop spatial and business plan for FMU through a participatory process consistent with CBFM plan;</li> <li>▪ support establishment of FMU “block 21” and prepare its business plan;</li> <li>▪ support assisted natural regeneration of forest;</li> <li>▪ establish a fund flow mechanism at community level as basis of result-based payments for verified</li> </ul>	Team Leader of Project Implementation Supporting Unit and Project Implementing Unit (KPH, and UPT of Government offices)	2017	2021

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
			performance in SFM and emission reduction; and <ul style="list-style-type: none"> <li>▪ facilitate coordination and information dissemination on SFM and REDD+ between FMU and provincial offices with improved communication infrastructure.</li> </ul>			
Local firms, which may include NGOs, as project sub-contractors	To implement project components awarded through open bidding	Partnership, Depth: high.	Involvement in project activities in line with descriptions as found in other project documents, including: <ul style="list-style-type: none"> <li>▪ delineate forest and village areas in FMU,</li> <li>▪ design community-based forest management initiatives in 10 villages (in FMU impact areas),</li> <li>▪ oversee land-based and non-land-based livelihood development,</li> <li>▪ implement small grants for women and rural development activities, and</li> <li>▪ provide equipment and training for community-based forest management.</li> </ul>	Responsible persons within any contracted firm or LNGO(s)	2017	2021
National NGOs to act as an independent monitor and watch dog	To independently monitor project implementation	Consultation, Depth: high.	To conduct close monitoring of activities: <ul style="list-style-type: none"> <li>▪ delineation of forest and village areas in FMU,</li> <li>▪ design community-based forest management initiatives in 10 villages (in FMU impact areas),</li> <li>▪ land-based and non-land-</li> </ul>	Focal persons for advocacy and monitoring functions		

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
			based livelihood development, <ul style="list-style-type: none"> <li>▪ implementation of small grants for women and rural development activities,</li> <li>▪ provide equipment and training for community-based forest management</li> </ul>			
MHA, local communities, and women as right holder and project owners	To get prior informed, consent and involved to the project activities and outputs  To develop ownership and get equitable benefits from the project results	Partnership, Depth: high	Involvement in project activities: <ul style="list-style-type: none"> <li>▪ Delineation of forest and village areas in FMU,</li> <li>▪ design of community-based forest management in 10 village (in FMU impact areas),</li> <li>▪ land-based livelihood development,</li> <li>▪ non-land-based livelihood development,</li> <li>▪ small grant for women,</li> <li>▪ rural development activities,</li> <li>▪ provide equipment and training for community-based forest management.</li> </ul>	Village Facilitator/s, Head of villages and community representatives	2017	2021
Private sector companies (palm oil companies and association) as development partners	To generate and share information and resources for economic development and reduce emissions	Information generation Depth: low.	Share project communication and information materials, printed and electronic through project website	Communication/PR Specialist	2017	2021

**Table 22. C&P on Project Output 2: Provincial REDD+ strategy in West Kalimantan is effectively implemented**

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy, guidelines, plan and coordinate the implementation of project activities	Consultation, depth: high	Steering Committee and Technical Consultative Group Meetings	Project Support implementing Units	2017	2021
UPT (BPDAS, BP2HP, BPKH, BK NP, DS NP) and FMU (KPH P/K/L) as Implementing Units.	To plan and implement project activities in their areas.	Partnership, depth: high.	Involve in project activities: <ul style="list-style-type: none"> <li>▪ Establish a provincial monitoring and safeguard information system for REDD+,</li> <li>▪ conduct provincial workshops and training programs on REDD+ concepts and carbon accounting including drafting regulations,</li> <li>▪ establish a grievance redress mechanism on tenure and REDD+ activities,</li> <li>▪ facilitate coordination and information dissemination</li> </ul>	Project Support Implementing Units	2017	2021
National NGOs as independent monitoring, reviewer	To take part in review of existing and new policies formulation.	Consultation, depth: high.	To monitor, review project activities : <ul style="list-style-type: none"> <li>▪ processes to establish a provincial monitoring and safeguard information system for REDD+,</li> <li>▪ conduct provincial workshops and training programs on REDD+ concepts and carbon accounting including drafting regulations,</li> <li>▪ establish a grievance redress mechanism on tenure and REDD+ activities,</li> <li>▪ facilitate coordination and information dissemination</li> </ul>	Project Support Implementing Units	2017	2021
MHA, Local Communities and	To enhance their	Consultation, depth: high.	Participate in training/workshop: <ul style="list-style-type: none"> <li>▪ safeguard, carbon accounting,</li> </ul>	Project Support Implementing Units	2017	2021

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
women as primary stakeholder and most affected by REDD+ policies and strategies in the project area.	capacity related with REDD+ policy and process and take fair benefit from it at the implementation.		participatory planning, <ul style="list-style-type: none"> <li>▪ design strategy of grievance mechanism,</li> <li>▪ tenure conflict resolution. Active participation on consultative process of policy on monitoring of REDD+ activities.</li> </ul>			
Private sector (palm oil and timber companies and association) as development partners	To inform to the project and generate support.	Information sharing, depth: low.	Share project communication and information materials, printed and electronic through project website	Project Support Implementing Units	2017	2021

**Table 23. C&P Plan in Project Output 3: Sub-national Fiscal Policies on REDD+ Harmonized with National Policies**

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy, guidelines, plan and coordinate the implementation of project activities	Consultation, depth: high	Steering Committee and Technical Consultative Group Meetings	Project Support implementing Units	2017	2021
UPT (BPDAS, BP2HP, BPKH, BK NP, DS NP) and FMU (KPH P/K/L) as Implementing Units.	To plan and implement project activities in their areas.	Partnership, depth: high.	<p>Involvement in project activities:</p> <ul style="list-style-type: none"> <li>▪ Assessment of fiscal policies harmonization and production of policy paper,</li> <li>▪ Technical and policy dialogues on harmonizing fiscal policies and regulations, forest industry strategy in West Kalimantan assessed and support provided to ensure the policy harmonization with forest industry strategy at national level.</li> <li>▪ Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposal to extent scope, area and/or time frame of the current project.</li> </ul>	Project Support Implementing Units	2017	2021
National NGOs as independent monitoring, reviewer	To take part in review of existing and new policies formulation.	Consultation, depth: high.	<p>Take part in project processes:</p> <ul style="list-style-type: none"> <li>▪ Assessment of fiscal policies harmonization and production of policy paper,</li> <li>▪ technical and policy dialogues on harmonizing fiscal policies and regulations,</li> <li>▪ Assess and support forest industry strategy in West Kalimantan to ensure the policy harmonization with forest industry strategy at national level.</li> <li>▪ Identify relevant funding sources for REDD+ implementation and</li> </ul>	Project Support Implementing Units	2017	2021

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
			conduct training to prepare proposal to extent scope, area and/or time frame of the current project.			
MHA, local communities and women as primary stakeholder and most affected by REDD+ policies and strategies in the project area.	To enhance their capacity related with REDD+ policy and process and take fair benefit from it at the implementation.	Consultation, depth: high.	Participate in training/workshop: safeguard, carbon accounting, participatory planning, design strategy of grievance mechanism, tenure conflict resolution.  Active participation on consultative process of policy on monitoring of REDD+ activities.	Project Support Implementing Units	2017	2021
Private sector (palm oil and timber companies and association) as development partners	To inform to the project and generate support.	Information sharing, depth: low.	Share project communication and information materials, printed and electronic through project website	Project Support Implementing Units	2017	2021

## 8. FIP Communications Plan

135. The Stakeholder Communications Strategy (SCS) is designed as a blueprint to guide the project through the process of creating effective communications messages and products that resonate with the chosen target audience, to be delivered through multiple channels. This blueprint will help the project to figure out the range and sequence of tasks.

136. The Stakeholder Communications Strategy is developed to communicate the Forest Investment Program: Community-Focused Investments to Address Deforestation and Forest Degradation. It will support project interventions by facilitating, encouraging, disseminating and leveraging successes, failures and lessons learned from existing program experiences. This is achieved by maintaining clear, consistent, relevant, up-to-date and user-friendly messaging/information to the stakeholders. The strategy has complied with ADB Public Communications Policy and ADB Stakeholder Communications Guide.

137. The Stakeholder Communications Strategy will underpin and guide the communication processfor:

- (i) **Internal Communications.** It focuses on supporting the project implementation team regarding week-to-week management issues, emerging trends and threats, planning, and coordination to ensure efficient functioning of project implementation.
- (ii) **External Communications.** It focuses on reaching the objectives of key project interventions and leveraging success.

138. The stakeholder communication strategy complies with REDD+ safeguard principles and guidelines from the Strategic Climate Fund, requiring clear language and details on the provision of benefits and impacts for customary communities, strengthening multiple benefits and prohibition of the conversion of natural forests. The goal is to support efforts that aim to protect forest ecosystem services, build institutional capacity and promote biodiversity conservation. The strategy is to take a low-carbon direction that is also socially and economically empowering instead of just pursuing forest management with the singular goal of cutting/reducing greenhouse gas emissions.

139. Stakeholder communication strategy takes into consideration socio-cultural characteristic of each stakeholder to ensure effectiveness of communication done by communicant. This consideration particularly was taken when communication will target at customary communities.

140. The socio-cultural consideration includes the following aspects:

- (i) Culture and tradition, which includes how community member communicate to each other: between elders and youth, between women and man, between mature people and children. This includes what is allowed and what is prohibited in an *adat* meeting
- (ii) Social structure of community: how community communicate to each other in a formal environment such as in *adat* assembly or *adat* ritual, who is the leader and shall be given first stage to speak, followed by whom, and how the rule for participant to speak, to raise their concern or questions
- (iii) Social structure of community in doing communication with other stakeholders, such as with government, with formal representative of an institution, of a social

organization, of other community: who responsible for what in community social structure or *adat*.

- (iv) The way women communicate with *adat* structure (which is usually composed of men)
- (v) Identify the timing for doing good communication following community's culture and tradition. The timing method is usually used for communication with *adat* leader who also has a spiritual role in the community.

141. Learning and behavioral changes, locally-led solutions by creating a local champion to help community to make personal decisions to initiate and sustain positive behaviors towards environment. This can be done by increase awareness of the importance of protecting the forest, to reduce emission and how REDD+ implementation will benefit the community economically as well as benefits for government, country and the world. The goal is to make REDD+ implementation something that the community feels that they have ownership in, and that they are proud of.

142. The stakeholder consultation identified several objectives to communicate the projects as follows:

- (i) Provide information on the complex concepts around climate change, REDD+ and their link with FIP project, in a simple language.
- (ii) The need to create and build an understanding on the purpose, scope and breadth of FIP Project (including the role of ADB, the Ministry of Environment and Forestry and KPH).
- (iii) Branding the project to provide clear, consistent information as a plan to communicate the FIP project: Community-focused Investments to Address Deforestation and Forest Degradation. Including the development of vision statement, logo, brand expression, communications and behavior.
- (iv) To support the development and implementation of FIP project on the ground.
- (v) Knowledge sharing: providing consistent, relevant, up to date and user friendly information to all stakeholders.
- (vi) To promote the project through meetings, interactive dialogue, exhibition and media and create printed and online information (website and social media), create mailing lists, list server (electronic newsletter).
- (vii) Coordination and synergies: to facilitate policy, technology collaboration and information dissemination. To provide opportunities for all stakeholders to communicate with one another to share experiences and showcase effective local programs.
- (viii) To use communications to help build the capacity through information sharing, highlighting good practice and professional development, such as forest management, zero burning policy, forest products utilization, study/exchange visits to another site which already conduct REDD+ readiness and implementation.
- (ix) To help build the capacity and conduct training of targeted groups to increase local productivity and income, and communicate the products and facilitate market link to increase regional sales.
- (x) Communication for learning and behavioral changes for individuals, communities and societies by creating a local champion, to help community to make personal decisions to initiate and sustain positive behaviors towards environment.
- (xi) Encourage personal communications through its own community network, family, radio, churches, and mosques to promote program benefits for themselves.

143. Based on the objectives above, communications plan/activities and tools are defined, described in Tables 24-26 as a part of stakeholder communication strategy. The communications plan/activities will help to support project interventions by facilitating, encouraging, disseminating and leveraging success. This is achieved by maintaining clear, consistent, relevant and user-friendly messaging/information to the stakeholders.

**Table 24. Communications Plan for General Knowledge and Technical Issues**

Objective	Key Risks/ Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
1. Knowledge & Awareness Raising	<p>The concept itself is abstract &amp; confusing.</p> <p>Different desires and needs.</p> <p>Education, budget, type of language/ message used, cultural and institutional factors that influence how information is communicated, and psychological factors that determinate how information is accepted.</p>	<p><b>Province:</b> Governor, Dinas Kehutanan provinsi, Bappeda, Tanjung Pura University, JICA Project, AMAN, NGOs, local legislative and media</p> <p><b>Districts:</b> Bupati, Dishut &amp; Perkebunan, Bappeda, KPH staff, Dinas Education, GIZ-FORCLIME, NGOs, Sintang University, local NGOs and media.</p> <p><b>Village:</b> affected people/communities, Kepala Desa, Kepala Dusun, Community Leaders (Kepala Adat/Temanggung, Religious leaders, Woman</p>	<p>Provide consistent, clear and simple information about general knowledge and technical issues.</p> <p>Central theme to link the issue with economy value and the threats such as food security, landslide, drought, flood, harvest fail, change in seasonality, diseases, etc.</p>	<p>Face to face, interactive dialogue, meeting, seminar, FGD, training.</p> <p>Printed information, posters, leaflets, banners, comics. Website, social media. Photo and video library (online), radio/TV program.</p> <p>Pointers for advocacy, advisory notes, develop FAQ.</p> <p>Tactics for communities: 2 ways of communications, use metaphors and proverbs, use drawings and diagrams, give concrete examples, use film clips, documentaries and games. Adopt local culture, use local examples like weather-related events communities have dealt with, such as drought, flood, harvest fail, change in season, diseases, etc.</p> <p>Information in Bahasa &amp; English.</p>	<p>Prior to implementing the project at provincial level, then through process when interacted with provincial government.</p> <p>When project is implemented in districts, and through process when working with affected people/community and societies.</p> <p>Website update at least every 2 weeks.</p> <p>Social media: real time if possible (by sending information via twitters, upload photo via</p>	Project Manager and Communications Specialist	Content development, publications, distribution, development, PR/marketing, logistical cost, events cost.

		groups (PKK/ Family Welfare Empowerment), Teacher, and Communities.  <b>General target:</b> Government, opinion leaders, decision makers, media, civil society.			Instagram, Facebook) or at least 12 hours after the event happen.  Media gathering with local media every 3 months		
2. Communication for learning and behavioral changes	Education, social, culture, institutions and psychological factors.	Affected people, (individuals, communities and societies).	Provide clear and simple sample message/informati on of a supportive environment to help people to make personal decision, to initiate and promoting positive behavior.	Simple message, adopt local wisdom and positive behaviors and cultural that give positive impact to the environment.  Use communications tools for community groups.  Basic environmental information, environmental education in piloting green school.	Through process when working with affected people/communi ty and societies.	Project staff	Content development , publications, distribution, logistical cost, events cost.

**Table 25. Communication Plan for Project Response - Mechanisms and Vehicles: FIP Project, KPH characteristics, functions and issues**

Objective	Key Risks/Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
1. To build an understanding of what is, purpose, scope and breadth of FIP Project and KPH role	<p>Lack of ownership &amp; knowledge, weak local staff capacity.</p> <p>Unclear regulations, unclear KPH boundary (Sintang).</p> <p>Education, budget, corruption, cultural and institutions factors that influence how information is communicated, and psychological factors that determinate how information is accepted.</p>	<p><b>Province:</b> Governor, Dinas Kehutanan provinsi, Bappeda, TanjungPura University, JICA Project, AMAN, NGOs, local legislative and media</p> <p><b>Districts:</b> Bupati, Dishut &amp; Perkebunan, Bappeda, KPH staff, Dinas Education, GIZ-FORCLIME, NGOs, Sintang University, local NGOs and media.</p> <p><b>Village:</b> affected people/communities, Kepala Desa, Kepala Dusun, Community Leaders (Kepala Adat/Temanggung), Religious leaders, Woman groups (PKK/ Family Welfare Empowerment), Teacher, Communities.</p>	Clear and simple message/information about project and implementation arrangements	<p>Face-to-face communications, courtesy visits, interactive dialogues, meetings, seminars, FGD.</p> <p>Tactics &amp; approach for communities: 2 ways of communications, use metaphors and proverbs, use drawings and diagrams, give concrete examples, use film clips, documentaries and games. Adopt local culture, use local examples is weather-related events communities have dealt with, such as drought, flood, harvest fail, change in seasonality, diseases, etc.</p> <p>Printed information about the project in simple message/ posted in accessible public areas. Poster, leaflets, banners, comics. Video clips, radio/TV program. Website, social media.</p> <p>Information in Bahasa &amp; English</p> <p>Tactics &amp; approach for group communities are the same as above.</p>	<p>Prior to project implementation</p> <p>Frequent courtesy visits to related government bodies (local and central) to update the progress every 3 months</p> <p>Meeting with group communities at least once a month</p> <p>Website update at least every 2 weeks.</p> <p>Social media: real time if possible (text via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.</p> <p>Media messages every 3 months</p>	Project Manager and Communication Specialist	Content development, publications, distribution, PR/marketing, logistical, events cost

Objective	Key Risks/Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
		<p>General target: MoEF, FIP Steering Committee member, FIP focal point, MOF, Bappenas, MoHA, BPN, DKN, SC DGM, legislative, partner project, opinion leaders, decision makers, media, civil society.</p>					
2. Branding the project	Lack of interest, project failure, Technology, capacity and funding problems.	<p>All related stakeholders in national, province and district,</p> <p>The FIP SC member, development partners, opinion leaders, decision makers, media, civil society, affected people/stakeholders, academia.</p>	<p>Clear and simple message/information about project and implementation arrangements.</p> <p>Develop vision statement, logo, brand expression, communications, and behavior policy.</p> <p>Create public opinion.</p> <p>Central theme is community.</p>	<p>Targeted meetings, presentations, sharing of project presentations and other files</p> <p>Media message to update progress, media briefings &amp; media visit. Publish an op-ed (join with partner).</p> <p>Printing and on line information. Website and social media. Create wikie-portal, blog, portal in internet for images/video by communities from activities on the ground, radio program or with TV. Same approach for group community.</p> <p>Information in Bahasa &amp; English</p>	<p>Media message every 3 months. Media briefings and visit at least 2x a year.</p> <p>Website update at least every 2 weeks.</p> <p>Social media: real time if possible (by sending information via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.</p>	Project Manager and Communications Specialist	Content development, publications, distribution, PR/marketing, logistical, events cost.

**Table 26. Communications Plan for Specific Activities: FIP Project Implementation on the ground**

Objective	Key Risks/Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
To communicate the activities on the ground as REDD+ implementation (district level).	Lack of interest, ownership & information, weak local staff capacity. Project failure, Technology & capacity problems.  Lack of clarity for KPH (Sintang).	General target: Government, opinion leaders, decision makers, media, civil society and affected people.  Specific target: Pemda, Bappeda, Bupati, Governor, Dishut & Perkebunan.  Community Leaders, Head of Religious, Targeted community groups. Local CSOs.	Clear message on what is REDD+ intervention, development of activities on the ground (KPH and the communities)	Interactive dialogue, meetings, seminars, FGD, trainings.  Printed information, posters, brochures, banner, comics with illustration and adopt local culture for distributions in the villages. Same approach and tools for community groups.  Website, social media. Movie, radio/TV program.  Information in Bahasa & English	When implementing the project  Through process when working with affected people/community and societies. Frequent visit to related government bodies (local and central) to update the progress, send out media message (every 3 months).  Meeting with affected community groups every month.  Website at least every 2 weeks. Social media: real time if possible (by sending information via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.	Project Manager and Communications Specialist	Content development, publications, distribution, PR/marketing, logistical cost, events cost.

Objective	Key Risks/Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
Build community based forest management and adopted in KPH long-term management plan	Lack of interest & ownership. Knowledge and capacity barrier. Project failure, technology problems.  Lack of clarity for KPH (Sintang).	Communities and KPH officers	To provide training for KPH officers on forest products utilization, fire fighting, communication and participatory planning and facilitation skills.				Content development, training materials. Resources and logistical cost,
To promote community production, ecotourism to increase local income and facilitate market link.	Lack of time & quality. Sources of material and capacity barriers.  Innovation.  Access to the market.	Women Group (PKK/ Family Welfare Empowerment),	More skills can increase quality & income.  More innovation more value added.  Clean and hygienic facilities will also raise attractiveness of the area for tourists	Finding collaboration with national designers, food travel, adventure travel, sponsor a women's magazine journalist to the field, join the craft exhibition, link with work at UN bodies (such as UNICEF), find broader market links.  Create MOU for collaboration with cooperatives.  Internet based promotion	When the project is implemented	Project Manager and Communications Specialist	Content development, web site development, training, PR/Marketing, publications, distribution, logistical cost, exhibition to promote the products, events cost.

## VI. MONITORING AND EVALUATION

144. Monitoring and evaluation plan needs to be prepared for the project. It is anticipated that the project will have positive and negative impacts to communities in direct project area in terms of socio-cultural and economic aspects of the community. Monitoring and evaluation plan will be used in assessing the change due to project implementation; especially will particularly look at the change in poverty besides other socio-cultural and economic aspects. Socio cultural and economic data and information collected in preparation phase by PPTA team will be compared to the conditions during and after project implementation. Data will be analyzed to see the impact of the project to communities, particularly to customary communities in project area. Monitoring and evaluation plan will be used to evaluate the process of implementation. The change in socio-cultural and economic picture and implementation process will form a part of project management performance.

145. **Objectives and Approach.** The objectives of the monitoring and evaluation plan are to set out a method to assess the changes in poverty and socio-economic conditions of the project area due to project development. It will generate data and information:

- (i) To identify qualitative and quantitative information to describe poverty and social changes;
- (ii) To analyze results of the project and the process of implementation including management performance, key actors and activities that contribute much to the change of socio-economic indicators of direct impacted area, the hindrances and challenges the project has to deal with during implementation including effectiveness of addressing mitigation measures.
- (iii) To identify the most appropriate approach and methods, to generate positive impacts and address negative impacts effectively.
- (iv) To provide lessons learnt for other projects with similar characteristics.

### Targets and indicators

146. Monitoring and Evaluation plan sets up a series of targets and indicators which address poverty reduction and inclusive social development as explained in the DMF. Targets and indicators will also include accountability for monitoring results and course correction, where needed.

- (i) Refers to socio economic data collected during PPTA, average household income span between Rp 1 to 3 million per month. By the completion of the project in 2021, there should be a 20% increase in average household income.
- (ii) Number of children going to school will be raised from 1-2 children<sup>63</sup> considering average family number is 4-6, means that number of children varies between 2-4.
- (iii) At least 10,000 people (5,000 women) in 2,800 households in project villages with improved clarification on access to land and natural resources

### Monitoring and Evaluation Institutional Arrangements

147. The monitoring program will be long-term, starting from the initiation of the project. Once initiated, the monitoring will continue until the termination of the project. Information and data collection regarding the progress, challenges and barriers to the project will be collected

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<sup>63</sup> Refer to the target of Millenium Development Goals on education

regularly, and reported monthly to implementing agency.

148. The implementing agency will be responsible for monitoring and recording data and information. Executing agency will be responsible for evaluation of the project. KPH management will work with the evaluation team established for monitoring and evaluation and ensuring community effective participation in data collection and information gathering. Implementing agency will hire independent evaluator upon approval from the executing agency.

149. Institutional arrangement for monitoring and evaluation will follow the project organizational structure in terms of mandate, roles and responsibilities. Monitoring and evaluation will be carried out by a team established by implementing agency on the approval of executing agency. It may compose of consultants, KPH staff, district forestry officer, ADB staff and others who are assigned by the implementing agency.

### Monitoring Tools and General Procedures

150. Monitoring of poverty shall consider stakeholder participation to monitor project performance at various levels of management. Communities shall be assisted in carrying out monitoring using tools developed for this purpose. NGOs, government officials, and consultants will provide assistance for communities.

151. Monitoring of poverty will be done firstly by setting up the standard for baseline and target, according to which project performance will be evaluated. The standard may include national, provincial and district standards of poverty line, number of poor people, and indicators established for socio-economic components. Indonesia considers USD 1.25 per day as the national poverty line or USD 31.25 for 25 days of work per month. Table 27 below provides the minimum components and indicators that will be monitored, evaluated and analyzed.

**Table 271. FIP Monitoring of Socioeconomic Parameters**

Socio-economic components	Indicators
Demography of the country, province, district and villages	<ul style="list-style-type: none"> <li>- Age groups population</li> <li>- Existing households</li> <li>- Household size</li> <li>- Marital status</li> </ul>
Income and expenditure	<ul style="list-style-type: none"> <li>- Asset ownership</li> <li>- Proportion of working age population</li> <li>- Expenditure for food and clothing</li> <li>- Membership in savings and credit co-operative societies</li> </ul>
Education	<ul style="list-style-type: none"> <li>- Primary school enrolment,</li> <li>- Completion of at least standard nine</li> <li>- Literacy rate by gender</li> <li>- Skilled folk</li> </ul>
Health and nutrition	<ul style="list-style-type: none"> <li>- Infant mortality rate</li> <li>- Morbidity cases</li> <li>- Health services (skilled and local)</li> <li>- Prevalence of underweight</li> <li>- Availability of malaria prevention facilities</li> <li>- Prevalence of micro-nutrition deficiencies</li> </ul>
Water and sanitation	<ul style="list-style-type: none"> <li>- Access to safe water</li> <li>- Access to latrine</li> <li>- Time consumed to go-collect-return to water source</li> <li>- Availability of solid waste disposal facility</li> </ul>
Agriculture and livestock	<ul style="list-style-type: none"> <li>- Major food and cash crops</li> <li>- Average yield per hectare (bags/kgs/tons)</li> <li>- Availability of farming/livestock</li> <li>- Availability of backyard gardens</li> </ul>

Socio-economic components	Indicators
	<ul style="list-style-type: none"> <li>- Crop storage facilities</li> <li>- Number and type of livestock</li> <li>- Livestock and crop diseases</li> </ul>

152. Monitoring of poverty will follow the Indonesian laws and regulations regarding poverty eradication targeting at achieving Millennium Development Goals (MDGs). Presidential Instruction (Inpres) No. 3/2010 on Fair and Just Development Programme directs the ways to accelerate achievement of MDGs. The directions include the following:

- (i) Government develops a roadmap for acceleration of achievement of MDG targets which shall be referred to by all stakeholders working on achieving MDG targets throughout Indonesia;
- (ii) Provincial government develops a Regional Action Plan for acceleration of achievement of the targets;
- (iii) Budget allocation to support the acceleration programs;
- (iv) Enlargement of social services; partnership between the government and the private sector.

153. Following this government regulation, monitoring and evaluation will take into consideration the contribution of government intervention through other projects and through FIP ADB project to eradicate poverty in the project area, particularly in customary communities.

154. The project may hire an expert to guide the project monitoring and evaluation team and analyze the scale of FIP project contribution to poverty eradication.

155. To ensure scope and effectiveness of monitoring process, it will be useful to set up a monitoring cluster:

- (i) Project site level
- (ii) Project management unit and KPH
- (iii) District Forestry Office
- (iv) Implementing Agency

156. Each cluster will be monitored based on roles and responsibility set out in the project design.

## VII. RECAPITULATION ON POVERTY AND SOCIAL ASSESSMENT

### On Beneficiaries

157. The project will focus on customary communities or *Masyarakat hukum adat* (MHA) in selected Forest Management Units (FMUs) that rely on forest as source of economic, cultural and environmental goods. By 2013, the number of people in Kapuas Hulu and Sintang District that lived under the poverty line became higher than the provincial average (10.09% of poor people in each district).<sup>64</sup> There are two predominant Indigenous Peoples (IP) groups in the selected districts, the Dayak and the Melayu. Most Dayaks live in villages and hamlets while the Melayu mostly are concentrated along the river and around Danau Sentarum. These groups generally lack opportunities and finance that would allow them to escape poverty by, for instance, adopting improved production and processing of wood and non-wood products and accessing markets. These groups disproportionately suffer from food insecurity, insecurity of land tenure, and low levels of education and organization.

158. The Project is expected to benefit approximately 10,000 direct beneficiaries participating in the development of forest management plans and other income generating NTFP activities (see section C outputs for details on the activities). In addition, local FMU staff and provincial forestry staff will participate in communication and training program on REDD+ processes.

### On Key Poverty and Social Issues

159. Poverty and social issues are rooted on beneficiaries largely being members of MHA communities and as such have traditional and indigenous knowledge and practices that relate to management and concept of ownership/use of land and resources, which may in the end be not synonymous to mainstream definition of poverty. Key issues related to poverty as espoused under MDG targets 1-3 show that Indonesia has already successfully achieved the goal of halving poverty before the 2015 deadline.

160. Concerns of the project are focused on MDG 7 (environment and natural resources) indicators which is underperforming to date:

- (i) The fulfillment of basic needs and basic services among social groups show relatively high discrepancies, and this is even reflected between the two districts in terms of income and expenditure on food and non-food items.
- (ii) Limited access to productive resources for improvement of livelihoods:
  - a) Limited access to capital
  - b) Limited access to market, rural infrastructure, and market-related information
  - c) Limited access to technology and services
  - d) Poor community absorptive capacities
- (iii) Gender equality is still limited despite gains in other areas:
  - a) In both districts, those graduating from primary schools and beyond are higher for males;
  - b) Limited involvement in village and *adat* decision making processes;
  - c) Under representation in village level decision making bodies;
  - d) Male-outmigration limit women's release time as farm productive activities

<sup>64</sup> BPS Kapuas Hulu. 2013. *Kabupaten Kapuas Hulu dalam Angka 2013*; BPS Kabupaten Sintang. *Kabupaten Sintang dalam Angka 2013*.

increased making women work longer hours as they too are primarily responsible for domestic chores such as cooking, cleaning, child rearing, and taking care of elderly as well, and increasingly assuming responsibility for household food security;

- e) Women are less mobile than men as they have limited access to transportation means -men expressed reluctance in allowing women to ride motorcycles.

161. Stakeholder and safeguards (IP and IR) issues are:

- (i) Local communities that include MHAs are deemed important but scored low on the influence scale (See Para 89).
- (ii) Almost 100% of Project beneficiaries are MHAs and thus will impact both positively and negatively on their customary rights/tenure use and access to land and resources as brought about by FIP interventions.
- (iii) Potential economic displacement or restriction to access amongst MHA communities (or even non-MHAs) as in the case of some civil works and spatial planning. Permanent and temporary losses of small areas of land due to rehabilitation/ construction works may also be unavoidable, in addition to loss of crops, trees and structures, may occur.
- (iv) The issue of poverty and development is closely linked to land and just land allocation/spatial planning for both productive uses and residential purposes to which MHAs have their traditional system - rotational farming/fallow - that has a major impact on deforestation and forest degradation.

162. Other issues are:

- (i) Labor issues are likely to occur though deemed low under the project. The necessary mitigating measures of local hiring will prevail with caveats to avoid child labor.
- (ii) Vulnerable groups may have issues on affordability as in the case of provision for electricity through the establishment of 5 micro-hydropower plants.
- (iii) Communicable diseases put project-target beneficiaries at risk especially the poor and vulnerable sectors. Specific to the project areas, the following have been documented:
  - a) HIV/AIDS
  - b) Malaria
  - c) Dengue

## On Design Features

163. The project addresses the key poverty and social issues through its three outputs and corresponding activities (See Table 19. Matrix of Social Impacts). Please also see details in the DMF as a separate linked document.

### 1. Output 1: Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts

- (i) Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure.
- (ii) Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES.
- (iii) Formulate CBFM agreements with local communities, including women.
- (iv) Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development.
- (v) Establish a REDD+ monitoring and safeguards information system, with geospatial

databases.

- (vi) Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans.
- (vii) Support establishment of FMU “block 21” and prepare its long-term business plan.
- (viii) Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction.
- (ix) Implement REDD+ pilots<sup>2</sup> with local communities, including women, to generate income, enhance CO2 removals and reduce emissions.
- (x) Provide equipment and training for community-based forest fire management.

## **2. Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented**

- (i) Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure.
- (ii) Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations.
- (iii) Establish a provincial monitoring system and safeguards information system for REDD+.
- (iv) Establish a grievance redress mechanism on tenure and REDD+ activities

## **3. Output 3: Sub-national fiscal policies on on REDD+ harmonized with national policies**

- (i) Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper.
- (ii) Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure.
- (iii) Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization.
- (iv) Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.

164. Inasmuch as FIP is largely grant monies, it is not envisioned that the project will address all poverty and forest management issues with major impacts to offsetting national monitoring results towards MDG attainment. As evident on the design features, FIP accommodates the poverty and social issues at the site level in its overall design, largely focusing on capacity building of institutions and enhancing absorptive capacities of local and MHA communities, with considerations for community assets: securing tenure and provision of livelihoods and limited rural infrastructure.

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# Environmental Assessment Review Framework

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Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(As of 25 June 2016)

Currency unit – rupiah (Rp)

Rp 1.00 = \$0.000074

\$1.00 = Rp13,415

## ABBREVIATIONS

ADB	– Asian Development Bank
AMDAL	– Analisa Mengenai Dampak Lingkungan (environmental impact assessment - full process)
ANDAL	– Analisa Dampak Lingkungan (environmental impact analysis - the study)
BAPPENAS	– National Planning Agency
BLH	– Badan Lingkungan Hidup (environmental office)
CBD	– Convention on Biological Diversity
CBFM	– community based forest management
EA	– executing agency
EARF	– environmental assessment review framework
EIA	– environmental impact assessment
EMP/RKL	– Rencana Pengelolaan Lingkungan (environment management plan - companion to ANDAL)
FIP	– Forest Investment Program
FMU/KPH	– Kesatuan Pengelolaan Hutan (forest management unit)
GHG	– greenhouse gas
GOI	– Government of Indonesia
GPP	– grievance point person
GRM	– grievance redress mechanism
IEE	– initial environmental examination
IFC	– International Finance Corporation
MOEF	– Ministry of Environment & Forestry
NGO	– non-governmental organization
NTFP	– non timber forest product
PCU	– program coordination unit
PSC	– project steering committee
PISU	– project implementation supporting unit
REA	– rapid environmental assessment
REDD+	– reduced emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon (+ refers to the last three phrases)
RPL	– Rencana Pemantauan Lingkungan (environmental monitoring plan - companion to ANDAL)
SFM	– sustainable forest management
SNI	– Indonesia National Standard

SPPL	– Surat Pernyataan Pengelolaan Lingkungan (statement on commitment to environmental management)
SPS	– Safeguard Policy Statement
SRAP	– Strategi Rencana Aksi Provinsi (Provincial Strategy and Action Plan for REDD+)
TOR	– terms of reference
UKL	– Upaya Pengelolaan Lingkungan (environmental management measures)
UNFCCC	– United Nations Framework Convention on Climate Change
UPL	– Upaya Pemantauan Lingkungan Hidup (environmental monitoring measures)
UPT	– Unit Pelaksana Teknis (technical implementation unit)
WB	– World Bank
WWF	– World Wide Fund for Nature

#### **NOTE**

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

### A. Background

1. As a pilot country of the Forest Investment Program (FIP)<sup>1</sup> under Climate Investment Funds, the Government of Indonesia (the ‘government’) prepared a forest investment plan with support from the Asian Development Bank (ADB), World Bank and International Finance Corporation (IFC). At the request of the government, ADB proposed to administer the “Community-Focused Investments to Address Deforestation and Forest Degradation” project. The project will support the government and customary communities in their efforts to sustainably manage forests and reduce greenhouse gas (GHG) emissions through enhancing institutional and technical capacity, and improving livelihood of rural communities to address drivers of deforestation and forest degradation. The project will support implementation of community-focused and gender-responsive pilots for reducing emissions from deforestation and forest degradation (REDD+) in five forest management units (FMUs) in Kapuas Hulu and Sintang districts of West Kalimantan province. The project will also contribute to effective implementation of provincial REDD+ strategy and harmonization of sub-national fiscal policies on REDD+ with national policies.

2. West Kalimantan, which is a key province in the Heart of Borneo Initiative, has many forests and is the fifth largest provincial contributor to Indonesia’s carbon emissions. Four key drivers of deforestation and forest degradation in the province are: (i) commercial logging; (ii) forest conversion to agriculture (primarily to palm oil); (iii) mining (primarily coal and gold); and (iv) uncontrolled fires. ADB’s contribution, as well as the contribution of other institutions (e.g., GIZ and JICA) will support the government to implement the provincial REDD+ strategy, thus helping West Kalimantan to achieve the 2020 GHG reduction target of 266.11 million tons of carbon dioxide equivalent (tCO<sub>2</sub>e) from the forestry and peat sectors through:

- Strengthening the capacity of West Kalimantan’s provincial and district-level governments to reduce deforestation and forest degradation;
- Promoting sustainable forest management (SFM);
- Enhancing carbon stocks;
- Improving livelihood co-benefits;
- Strengthening indigenous peoples’ tenure rights;
- Enhancing conservation of biodiversity and ecosystem services.

3. The project will also promote inclusive growth and environmental sustainability, and it will help achieve the objectives of other initiatives, e.g., the 2011–2025 master plan for the acceleration and expansion of Indonesia’s economic development, National Action Plan for GHG Emission Reduction, Indonesia National REDD+ Strategic Regional Action Plan for GHG Emission Reduction, and the provincial strategy and action plan (SRAP REDD+).

4. The project covers 17 villages in two districts (Kapuas Hulu and Sintang). It includes activities to transform behavior, policies, institutions, and technologies in order to clarify forest

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<sup>1</sup> Forest Investment Program (FIP) is one of the three sub-programs under Strategic Climate Fund of Climate Investment Funds (CIF). FIP sub-committee endorsed investment plan ([https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_6\\_Indonesia\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf)) in November 2012 for \$70 million (\$37.5 million grant and \$32.5 million soft loan). The ADB and the World Bank are the partner agencies for the grants while the IFC will provide soft loans. The World Bank project will support decentralized forest management by enabling institutional arrangements at national level and operationalizing FMUs. The IFC project will demonstrate replicable REDD+ business models for small and medium enterprises.

and land tenure, prevent illegal logging and associated trade, suppress forest fires, support the forest management units (FMU/KPH) via community-based forest management, support the implementation of the subnational REDD+ strategy and action plan (including market-based REDD+ strategies), and support to improve national policy development that better values and supports the conservation of natural resources.

5. Subprojects will be further identified during implementation. Village and/ or neighborhood participatory planning processes will identify the specific location and type of supporting facilities during implementation. This approach to project implementation requires the development of an environmental assessment and review framework (EARF).

6. This EARF will help ensure that the negative environmental impacts of the subprojects are assessed at the appropriate time and that positive impacts are enhanced. It will help ensure that subprojects comply with the environmental requirements of the governments, and ADB's Safeguard Policy Statement (SPS) 2009. The EARF will guide implementing agencies to identify potential environmental impacts, develop and implement mitigation measures, and monitor environmental impacts in a timely way. This EARF outlines:

- Environmental screening procedures and assessment methodologies;
- Environmental management (mitigation, monitoring, and documentation); and
- Institutional structures and mechanisms to comply with environmental management.

7. In summary, this EARF was prepared to guide the project's environmental assessment process at the subproject level; define environmental assessment requirements in accordance with applicable government regulations and ADB's SPS 2009; and outline the institutional arrangements for subproject environmental assessment and monitoring. The EARF is a living document and it will be updated as needed during implementation.

8. Given the above, this EARF was prepared based on:

- (i) A review of the proposed livelihood programs;
- (ii) Discussions with the executing agency (EA), provincial and district/city government officials from the forestry and environmental agencies, and community members; and
- (iii) A review of relevant REDD+ documents, including the West Kalimantan Provincial Strategy and Action Plan for REDD+ (Strategi Rencana Aksi Provinsi [SRAP]).

## **B. Detailed Description of the Project**

9. The expected impact of the project is increased environmental and livelihood benefits. The expected outcome is improved REDD+ implementation in project areas of West Kalimantan province. The three outputs, as well as the project activities, are outlined below.

**Table 1: Summary of Project Interventions**

OUTPUTS	ACTIVITIES
<b>1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented</b>	1.1 Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure. 1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES. 1.3 Formulate CBFM agreements with local communities, including women. 1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development. 1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases. 1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans. 1.7 Support establishment of FMU “block XXI” and prepare its long-term business plan. 1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction. 1.9 Implement REDD+ pilots with local communities, including women, to generate income and reduce emissions. 1.10 Provide equipment and training for community-based forest fire management.
<b>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</b>	2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure. 2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations. 2.3 Establish a provincial monitoring system and safeguards information system for REDD+. 2.4 Establish a grievance redress mechanism on tenure and REDD+ activities.
<b>3. Sub-national policies on carbon stock improvement harmonized with national policies</b>	3.1. Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper. 3.2. Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure. 3.3. Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization. 3.4. Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.

CBFM = community-based forest management, FMU = forest management unit, FPIC = free, prior and informed consent, PES = payment for environmental services.

10. As mentioned above, output 1 focuses on REDD+ pilot projects in selected districts. **Figures 1 and 2** shows the land use and the preliminary list of proposed subprojects for Kapuas Hulu and Sintang districts. The land-based (e.g., agroforestry), non-land-based (e.g., bee keeping), and supporting activities (e.g., micro hydropower) are described in more detail in Section IV - Anticipated Environmental Impacts.

Figure 1. Land Use and Proposed Interventions by Village in Kapuas Hulu District

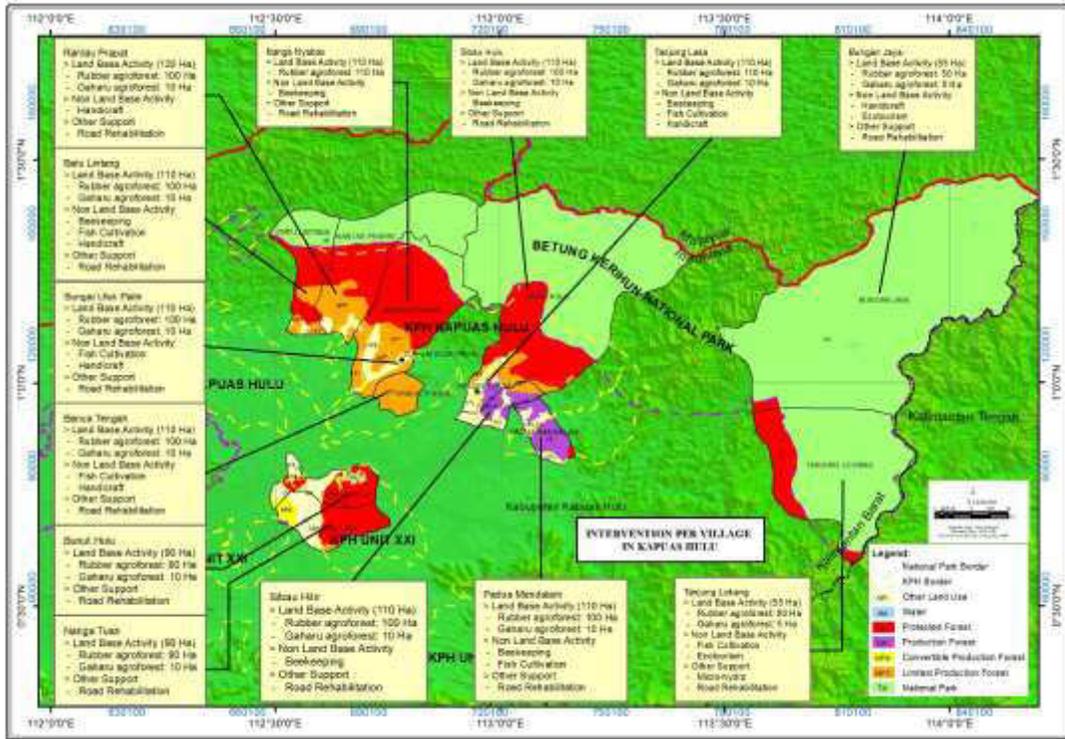
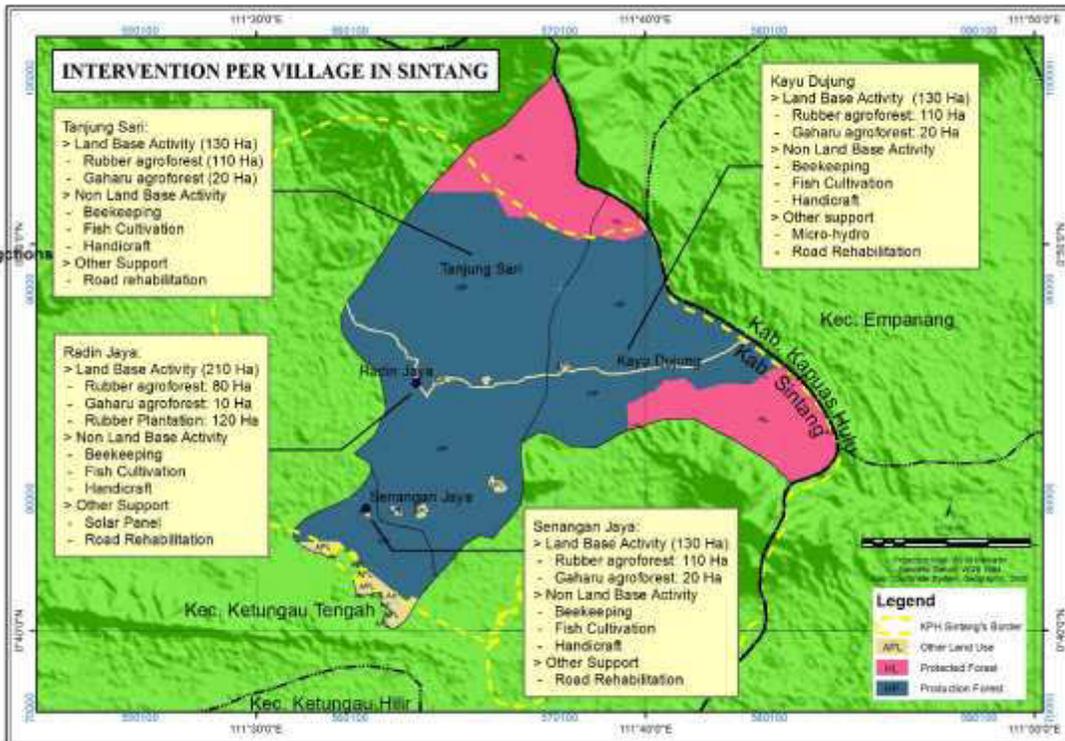


Figure 2. Land Use and Proposed Interventions by Village in Sintang District



## II. ASSESSMENT OF LEGAL FRAMEWORK AND INSTITUTIONAL CAPACITY

### A. ADB Environmental Assessment Requirements

11. ADB's SPS 2009 became effective in January 2010.<sup>2</sup> The objective of the SPS is to *ensure the environmental soundness and sustainability of projects and to support the integration of environmental considerations into the project decision-making process (p. 17)*. The SPS outlines the requirements that ADB clients must meet when delivering ADB-supported projects. The requirements include: screening, assessing impacts, impact mitigation, preparing environmental assessment report, disclosing information and undertaking consultation, establishing a grievance redress mechanism (GRM), and monitoring and reporting. In accordance with the SPS, proposed projects are screened using rapid environmental assessment (REA) checklist(s), which focus on type, location, scale, sensitivity, magnitude of potential environmental impacts (i.e., direct, indirect, induced, and cumulative impacts), and availability of cost-effective mitigation measures. Projects are then classified into four categories:

- (i) *Category A.* A proposed project is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the facilities subject to physical works. An environmental impact assessment (EIA) and environmental management plan (EMP) are required.
- (ii) *Category B.* An initial environmental examination (IEE) is conducted to determine whether there are significant environmental impacts warranting an EIA. If there are no significant environmental impacts, the IEE and EMP are sufficient. This is the case when the proposed project's potential adverse environmental impacts are site-specific, few if any of them are irreversible, and in most cases, mitigation measures can be designed more readily than for Category-A projects.
- (iii) *Category C.* A proposed project is likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required, although environmental implications need to be reviewed.
- (iv) *Category FI.* A proposed project passes ADB funds through a financial intermediary. The financial intermediary must apply and maintain an environmental and social management system, unless all the financial intermediary's business activities have minimal or no environmental impacts or risks.

12. According to ADB's SPS 2009, the project is a category B project, and hence it requires an IEE/EMP. The project is expected to have predominantly positive impacts. The project could have some site-specific/localized adverse environmental impacts, but there will be few if any irreversible impacts and it is expected that mitigation measures can be readily designed. **Annex 4** shows the relevant REA checklists.

### B. Indonesia's Environmental Assessment Requirements

13. Indonesia's relevant environmental law and regulations focus on managing the environmental impacts of development projects. The legal framework includes:

- (i) Law No. 32/2009 concerning Environmental Protection and Management;

<sup>2</sup> Refer to [www.adb.org/Documents/Policies/Safeguards/default.asp](http://www.adb.org/Documents/Policies/Safeguards/default.asp) for Appendix I (Safeguard Requirements 1: Environment) of the SPS.

- (ii) Minister of Environment Regulation No.5/2012 on the screening criteria (i.e., the type/scale/magnitude of activities requiring environmental impact assessment /*Analisa Mengenai Dampak Lingkungan – AMDAL*);
- (iii) Minister of Environment Regulation No.16/2012 on Guidance to Prepare Environmental Documents;
- (iv) Minister of Environment Regulation No.17/2012 concerning Public Participation and Information Disclosure in AMDAL Process; and
- (v) Government Regulation No. 27/2012 on Environmental Permits.

14. The Environmental Protection and Management Law provides three categories of projects:

- (i) Projects requiring a full AMDAL process;
- (ii) Projects requiring an environmental management effort and an environmental monitoring effort; and
- (iii) Projects that do not require environmental assessment.

15. The Environmental Protection and Management Law requires three types of environmental documents, based on the above project categories:

- (i) Projects requiring the full assessment process (AMDAL) need terms of reference (TOR), an impact analysis (ANDAL), and an environmental management plan (RKL) and an environmental monitoring plan (RPL) to assess the significant impacts and to make a decision on the implementation of the business and/or activity;
- (ii) Projects requiring an environmental effort need an environmental management effort/environmental monitoring efforts (UKL/UPL). The UKL/UPL pertains to the management and monitoring efforts conducted by the proponent on activities that have no *significant* impacts on the environment. The UKL/UPL is required to make a decision on the implementation of the business and/or activity; and
- (iii) Projects that don't require environmental assessment (i.e., exempt from AMDAL or UKL/UPL) need a Statement on Commitment to Environmental Management (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup / SPPL*). This statement confirms the proponent's ability to monitor and manage the environmental impact of its business and/or activity. The statement should be communicated to the provincial, regency, or municipal environmental officer.

16. Regulation 5/2012 provides the screening criteria to differentiate between activities/projects that require AMDAL and activities/projects that require UKL/UPL (e.g., type and scale of the activity). Regulation No. 5/2012 covers the following sectors: (1) multi-sector, (2) defense, (3) agriculture, (4) fishery and marine, (5) forestry, (6) transportation, (7) satellite technology, (8) industry, (9) public works, (10) housing and settlement, (11) energy and mineral resources, (12) tourism, (13) nuclear development, and (14) hazardous waste processing. Based on Regulation 5/2012, the proponent should submit an SPPL if the activity or project does not require an AMDAL or an UKL or UPL.

17. The Minister of Environment Regulation No. 16/2012 provides general guidance to prepare the AMDAL, UKL or UPL, and SPPL documents. Regulation No.27/2012 requires that projects subject to AMDAL or UKL or UPL obtain an Environmental License. The proponent

must obtain the environmental permit from the appropriate government authority *before* implementing the project (permits are not required for SPPL projects).

18. The following forestry-sector activities require an AMDAL: (1) timber forest products from natural forest (all scales); and (2) timber forest products from plantation forests  $\geq 5,000$  ha. Regulation No 5/2012 (Article 3) stipulates that all projects located at the border or inside a protected area regardless of type or scale require an AMDAL. However, Article 4 exempts from AMDAL business plans or activities that support the conservation of protected areas, or cultivation that is permitted for natives within a fixed area (assuming that the said cultivation does not reduce the function of the protected area). Thus, in accordance with the GOI regulation, the subprojects currently listed under the project do *not* require AMDAL because:

- (i) The subprojects are small scale;
- (ii) The proposed activities will support conservation and will not reduce the function of the protected areas; and
- (iii) The subprojects will require an UKL or UPL.

19. A community-driven development approach will be used to finalize the set of activities for each subproject. In accordance with the Indonesian regulatory framework, it is expected that some interventions will require an UKL or UPL; some subprojects will only require a SPPL. The Ministry of Environment and Forestry (MOEF) is responsible for AMDAL at the national level; the local environmental management body is responsible at the provincial and at the district level. Under the project, UKLs or UPLs will need to be submitted to the provincial or district environmental management body for approval. The environment permit will also be obtained at provincial or district level.

20. Annex 1 shows the environmental screening process. Annex 2 shows a flowchart of the Indonesian environmental clearing process (to obtain an environmental permit). Annex 8 contains a consolidated screening process, REA and categorization of subprojects.

### **C. Other Pertinent Legislation**

21. Law No. 2/2012 on Land Acquisition for Development in the Public Interest provides the framework for land acquisition, resettlement, and compensation in Indonesia. Presidential Regulation No. 71/2012 (Implementation of Land Acquisition for Development in the Public Interest) implements Law No.2/2012.

22. Three regulations issued by the Ministry of Forestry support carbon sequestration and REDD activities: (1) Minister of Forestry Regulation No. P.36/Menhut-II/2009 regarding License Procedures for Carbon Sequestration and / or Carbon Storage Business in Forest Production and Protection Forests; (2) Minister of Forestry Regulation No P.68/Menhut-II/2008 regarding Implementation of Demonstration Activities for Reducing Carbon Emissions from Deforestation and Forest Degradation; and (3) Minister of Forestry Regulation No P.30/Menhut-II/2009 regarding Procedures to Reduce Emissions from Deforestation and Forest Degradation. These regulations support SFM and environmental services.

23. West Kalimantan Regulation Number 7/1988 on Management and Conservation of the Environment and West Kalimantan Governor Decree No. 120/1989 on Environmental Quality Standards guide environmental management at the provincial level. This EARF must also bear in mind the regional spatial planning (RTRW) and customary law.

## D. International Conventions on the Environment

24. Indonesia has ratified several international conventions including:

- (i) ASEAN Agreement on the Conservation of Nature and Natural Resources (1985). This agreement ensures that conservation and management of natural resources are integrated into development planning and national laws;
- (ii) Convention on Biological Diversity (CBD) (1996). The CBD requires the environmental assessment of proposed projects that are likely to have significant adverse effects on biological diversity;
- (iii) United Nations Framework Convention on Climate Change (UNFCCC) (1995) and subsequent protocols. The UNFCCC and its protocols promote taking precautionary measures to anticipate, prevent, minimize, and mitigate the causes and effects of climate change; and
- (iv) Vienna Convention for the Protection of the Ozone Layer (1998) and subsequent protocol and amendments. This agreement promotes taking appropriate measures to protect human health and the environment against adverse effects likely to arise from human activities that will likely modify the ozone layer.

## E. Comparing the ADB and the Indonesian Requirements

25. In general, the Indonesian AMDAL system conforms to the intent of ADB's SPS. Table 2 compares ADB and the government project categories. ADB's category A projects are similar to projects that require AMDAL. ADB's category B projects are similar to projects that require UKL or UPL while category C projects are similar to the projects requiring a SPPL.

**Table 2: Comparison between ADB and the Government's Project Categories**

<b>ADB Project Categories</b>	<b>AMDAL Project Categories</b>
<b>Category A:</b> Projects with potential for significant adverse environmental impacts, requiring an EIA.	<b>AMDAL:</b> Projects with potential for substantial impacts on the environment require AMDAL (including TOR, ANDAL, and RKL/UPL).
<b>Category B:</b> Projects judged to have some adverse environmental impacts, but of lesser degree and/or significance than category A projects. Category B projects require IEE.	<b>UKL/UPL:</b> Projects are not required to have AMDAL but are obliged to have an UKL/UPL.
<b>Category C:</b> Projects unlikely to have adverse environmental impacts.	<b>SPPL:</b> Projects that do not require AMDAL or UKL/UPL are obliged to submit a Statement of Management and Environmental Monitoring Ability' or SPPL.
<b>Category FI:</b> Projects with a financial intermediary. The financial intermediary must apply an environmental management system, unless all impacts are insignificant.	Not applicable.

## F. Adequacy of Legal Framework

26. Overall, it is concluded that Indonesia's legal framework is in general adequate to the task of environmental management. However, implementation and enforcement can at time arise (e.g., the quality of reports or the correct implementation of mitigation measures or monitoring procedures).

27. A few substantive differences between the ADB and Indonesian framework are

highlighted below. One key difference between the ADB and Indonesian environmental assessment framework is the classification criteria. ADB categorizes its projects based on the significance of potential environmental impacts, using its REA checklists. AMDAL uses a positive list of projects,<sup>3</sup> sector-specific thresholds, and other specific eligibility criteria related to environmental feasibility (e.g., conformity with spatial plans; non-interference with the social value of the society; and/or non-disruption of the ecological integrity). Note that any project that does not comply with the Indonesian spatial plans is rejected during the review of the TORs for the AMDAL. In that sense, the AMDAL project screening procedure requires more data.

28. Another notable strength of the Indonesian AMDAL system is the long years of experience with AMDAL. AMDAL is integrated into the legal process, and as such, it is enforceable. In fact, the RKL or RPL and UKL or UPL are attached to any required environmental permit (e.g., permit for waste disposal).

29. One weakness of the Indonesian AMDAL system is that the environmental management and monitoring guidelines are too general. This can result in insufficient treatment of some topics (e.g., biodiversity, indigenous people, climate change, or health and occupational health and safety) –that are required to be assessed by ADB SPS 2009. Another notable weakness of the Indonesian system is that the UKL or UPL documents, *unlike* the AMDAL documents, is not subject to a formal, technical review by an AMDAL commission. This means that there is little quality assurance on the UKL or UPL.

30. Given the above discussion, it is concluded that ADB and Indonesian systems are complementary, and can work together very well. The ADB system has a slightly wider scope of topics, whereas the AMDAL system is more enforceable. It is concluded from the previous discussion that this ADB category B project and the future subprojects will in general require an UKL or UPL. It is concluded that ADB should accept the UKL or UPL to be the equivalent of the ADB required IEE, provided that the ADB review concludes that the UKL or UPL fulfills the SPS 2009 requirements, the IEE content requirement, and the requirements of this EARF.

31. In brief, the content of the UKL or UPL will need to be adjusted to mirror the IEE requirements. Adjustments will include placing extra attention on various topics (e.g., biodiversity, climate change, indigenous peoples, and health), expanding the environmental baseline, and developing a GRM. Table 4 compares the content requirement of the UKL or UPL and IEE and identifies the gaps. Section VI.B - capacity to implement IEE and UKL or UPL describes the capacity development implications of harmonizing the UKL or UPL and IEE requirements.

32. The project will help ensure good implementation of its environmental management by focusing on developing good quality reports (UKL or UPL or IEE) and on best practice implementation of environmental management and monitoring procedure, and through review and quality assurance procedures.

## **G. Institutional Capacity to Implement Legal Framework**

33. This topic is dealt in more detail under Section VI.B, *Capacity to Implement IEE and UKL/UPL*, where relevant training to strengthen implementation capacity is also outlined.

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<sup>3</sup> The AMDAL positive list is based on the potential for significant impacts, but also based on local experience with implementing projects and the impacts experienced therein.

III. ENVIRONMENTAL ASSESSMENT FOR SUBPROJECTS

A. Subprojects to be financed by the Project

34. Overall, it is expected that the project including its subprojects will create positive impacts on the environment by focusing on activities to improve forest and land tenure, prevent illegal logging and associated trade, suppress forest fires, support the FMU, support the implementation of the sub-national REDD+ strategy and action plan, and improve community livelihoods. Positive environmental activities include: (i) the development of community forest management plans that will secure the use of land to local communities; (ii) the establishment of agroforestry systems and rubber plantation in degraded land<sup>4</sup> to store carbon; and (iii) the implementation of activities to reduce pressure on the forests by providing alternative income to local communities (e.g., beekeeping, catfish culture, handicrafts and community-based ecotourism). The project will provide sustainable environmental benefits by strengthening the local capacity to manage natural resources and to conserve biodiversity.

35. Specifically, the subprojects will support output 1 and its sub-activities. The subprojects will also contribute to outputs 2 and 3, as shown below.

Table 3: Contribution to Project Outputs

<b>Output 1:</b> <i>Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented</i>	Activity 1.9: Implement REDD+ pilots with local communities, including women, to generate income and reduce emissions.
<b>Output 2:</b> <i>Provincial REDD+ strategy in West Kalimantan effectively implemented</i>	Activity 2.3: Establish a provincial monitoring system and safeguards information system for REDD+;  Activity 2.4: Establish a grievance redress mechanism on tenure and REDD+ activities
<b>Output 3:</b> <i>Sub-national policies on carbon stock improvement harmonized with national policies</i>	Activity 3.3: Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization.

36. The specific, village-level subprojects will be identified using a participatory process. The sum of activities within a village will constitute a subproject and be the subject of an environmental assessment. It is also possible that a given type of activity (e.g., road rehabilitation across all villages) could be considered a subproject and subject to an environmental assessment process.

37. The subproject environmental assessment process will include: (1) subproject concept identification; (2) screening and categorization; (3) preparation, review, revision, and approval of the subproject environmental assessment; and (4) monitoring. Item 1 is discussed in more detail in the Project Administration Manual; items 2 to 4 are discussed in more detail below.

<sup>4</sup> In the context of REDD+, degraded land refers to areas with low carbon stocks. These areas typically have minimal tree cover and an absence of peat, so they do not contain or sequester as much carbon as natural forests.

## B. Screening the Subprojects

38. Each subproject will be subject to an initial screening to assess the potential for significant impacts. The subproject screening procedure will consolidate Indonesian and ADB screening criteria as outlined below.

39. The government screening criteria will include:

- (i) All selected subprojects and activities are in line with GOI regulations;
- (ii) The subproject is environmentally feasible, i.e., the location complies with the spatial plan [i.e., Government Regulation No. 27/2012 (Article 4)]; the project does not interfere with the social values; the project does not disrupt ecological integrity;
- (iii) Subprojects/components that use critical habitats<sup>5</sup> *are* in line with the purpose of a protected area or critical habitat (Annex III of the Decree of the Minister of Environment No. 05/2012 identifies 20 types of protected areas, including protected forest, river demarcation, and national park);
  - i. As previously noted, AMDAL is mandatory for any business or activity whose boundary overlaps with a protected area and/or potential impacts of the business and/or activity are predicted to negatively affect nearby protected areas. The subprojects do not require AMDAL because: (1) the subprojects are small scale; and (2) the proposed activities will support conservation and will not reduce the function of the protected areas.
- (iv) Subprojects/components that require AMDAL will be rejected (i.e., any subproject expected to cause a significant adverse environmental impact). This will ensure that the project maintains its ADB category B or C designation and requirements (see further explanation below).

40. The first ADB screening criterion is to ensure that all subprojects and subproject components contribute to the project objectives and outputs, most specifically, output 1: community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented; activity 1.9: Implement REDD+ pilots with local communities, including women, to generate income and reduce emissions.

41. Another criterion excludes subprojects with the type of activity listed in ADB SPS's *Prohibited Investment Activities List* (see **Annex 3** for the *prohibitive* list). This prohibitive list excludes about 10 types of harmful projects/subprojects, e.g., projects that use forced labor or child labor. The subprojects are subject to a rapid environmental assessment (REA) using various REA checklists.<sup>6</sup> Annex 4 provides the relevant REA checklists.

## C. Categorization of the Subprojects

42. Based on the previous screening results, including GOI screening results and the REA checklist result(s), ADB will classify the subproject based on the most environmentally sensitive component. This means if any subproject or subproject component can potentially lead to significant adverse environmental impacts, the entire subproject or project is classified as a

<sup>5</sup> Critical habitats are generally defined as areas that have high biodiversity value and may include sites that are legally protected or officially proposed for protection (e.g., Ramsar site).

<sup>6</sup> ADB's REA checklists are used to identify impacts, to assess likely significance, and to generate mitigation measures. The checklist questions systematically review the subproject location. The biological, physical, and social impacts are identified and assessed when answering all the checklist questions.

category A project or subproject for environment. Subprojects/subproject components with potentially significant impacts will be rejected. Only category B or C (for environment) subprojects/subproject components will be selected.

43. This means that there will be no subprojects/components with the following characteristics:

- Subproject or components having a significant level of environmental impacts requiring complex mitigation measures that need an in-depth assessment of the impacts and detailed study to prepare mitigation measures; and
- Components that generate impacts on ecologically sensitive areas, e.g., if the subproject or subproject component is located in a buffer or a core zone of protected areas, or in an area of international significance, or in an area of cultural heritage and archaeological sites. (Factors that affect the evaluation of sensitivity include: quality of the ecosystem; importance and rarity; ability of the ecosystem to accommodate change, significance of the change in local and regional context, and maturity of the ecosystem). This is also unlikely to occur under the project since the subprojects are small-scale and the proposed activities aim to support conservation.

#### **D. Consolidated EARF Screening and Categorization Procedure**

44. The subproject categorization will depend on the specifications (e.g., design, size, scale, and location). To avoid duplication, the EARF first follows the government regulation, given that AMDAL has a well-established system, with legally-mandated procedures to screen and evaluate all projects, conduct public consultation and disclose information, issue environmental recommendations and permits, resolve disputes, impose sanctions and penalties for violations, and to monitor the environmental management of projects (refer to Figure 3: *Schematic of Screening and Categorization Procedure and UKL/UPL / IEE Approval Process*).

45. Compliance with the AMDAL system will in general be considered compliance with the ADB SPS requirements, *but* the environmental assessment procedure and reports will be subject to the procedures and guidance of this EARF and to ADB approval. The English version of the first two subproject UKLs or UPLs will be subject to a prior review by ADB to ensure compliance with ADB's SPS 2009. If found satisfactory, subsequent UKLs or UPLs of similar kind of interventions will be approved by the project director. The English version of the executive summary and the full ULP or UPL in the local language will be submitted to ADB for disclosure. The first UKL or UPL of subprojects with interventions of a different nature than those included in the first two ADB-approved UKLs or UPLs will need to follow the prior review procedures.

46. Under the Ministry of Environment Regulation No. 16/2012, the process is initiated when the proponent submits an UKL or UPL form with attachments to the relevant district or provincial environment office (BLH). Attachments can include: maps, proof of compliance with spatial planning, proof of business activity principle, statement of proponent, and other information about the planned activity. The project implementation supporting unit (PISU) can assist the proponent with this task, if need be.

47. The BLH will determine whether AMDAL, UKL or UPL, or SPPL applies to the subproject (see Annex I). Any subproject that requires an AMDAL will be rejected. It is assumed that BLH will use the above listed government screening criteria in making its categorization decision.

Subsequent to BLH screening decision, the PISU will screen the subproject based on the ADB screening criteria. This will include screening the subproject using ADB's *Prohibited Investment Activities List* and the relevant REA checklists.

48. The PISU environmental safeguard specialist (PISU-ESS) will then categorize the subproject using ADB categorization, based on the REA results. Any subproject component that obtains an ADB category A designation will be rejected. Only a category B or C subproject, requiring UKL or UPL (in Indonesia) / IEE (in ADB) or SPPL (in Indonesia) will be retained.

49. The PISU-ESS will complete the ADB environmental categorization form (**Annex 5**). The PISU-ESS will submit the completed REA checklists and the environmental categorization form to the program coordination unit (PCU) for review and endorsement.

50. The PCU project director will countersign the environmental categorization form and submit it to ADB. The first and second categorization exercise will require ADB approval. Once ADB approves the first and second categorization, it may delegate the approval of all subsequent subproject categorizations to the PCU project director. ADB will review and audit the environmental categorization forms, on a random basis.

## **E. Preparation, Review, Revision, and Approval of the UKL or UPL**

51. Based on government regulation and ADB SPS, it is expected that about 17 UKLs or UPLs will need to be prepared for the project (i.e., at least one document for each of the 17 selected villages). Two model IEEs have been developed and these should serve as a model template for subsequent UKLs or UPLs.

52. All UKL or UPL will be developed in compliance with the government requirements and in compliance with ADB IEE requirements. Annex 6 shows a consolidated UKL or UPL or IEE table of content (Annex 6 also shows the original UKL or UPL table of contents and original IEE table of contents). To comply with ADB IEE requirements, Table 4 highlights in the report sections of the UKL or UPL that should be added / strengthened.

53. The contents of the UKL or UPL should be agreed with the local BLH and local consultants. The environmental assessment will be undertaken as part of the feasibility study and the environmental assessment team will work closely with the technical planning and design group to integrate environmental considerations.

54. The UKL/UPL or SPPL will be submitted to the PISU-ESS. The report finalization and review procedure is outlined in more detail below:

- a. The PISU-ESS will assist to prepare/review/finalize the UKL/UPL or SPPL document. The UKL or UPL or SPPL must conform to the Ministry of Environment Regulation No. 16 format (i.e., the Guidelines for Preparation of Environmental Document) and to the IEE requirements.
- b. Once the PISU-ESS determines that the report is in compliance with the EARF requirements, the PISU-ESS will submit the subproject UKL or UPL or SPPL to the head of the district, governor, or local BLH for review and approval.
- c. Upon approval by the governor/regent and/or BLH, the PISU-ESS will ensure that the first and second UKLs or UPLs are translated in full into English.
- d. The PISU-ESS will submit the UKL or UPL or SPPL to the PCU, who will review and then submit the report to ADB in English version.

- e. Once ADB's comments have been incorporated into the UKL/UPL to meet SPS 2009 requirements, the UKL/UPL will be accepted as the IEE.
- f. If ADB deems that the first two UKLs or UPLs are of satisfactory quality and in compliance with the requirements of ADB's SPS 2009, the PCU project director will approve the subsequent UKLs or UPLs or SPPLs of subprojects of the same kind of intervention as that in the first two approved UKLs or UPLs or SPPLs. The subsequent reports only require that the executive summary be translated into English. The PCU will submit the executive summary in English and the full UKLs or UPLs or SPPLs in Bahasa Indonesia to ADB for disclosure or for any post-review procedure.
- g. For subprojects that include interventions that were not included in the first two approved UKLs or UPLs or SPPLs, the first UKL or UPL or SPPL of this new type of intervention will need to follow the process specified in items in a–e.
- h. The PCU project director and the PISU will ensure that copies of the UKLs or UPLs or SPPLs and the English executive summary are filed at their office, to facilitate periodic ADB reviews and audits. ADB may on a random basis assess the reports' compliance with its environmental safeguards.

**Table 4: UKL/UPL Table of Content vs. ADB IEE Table of Content**

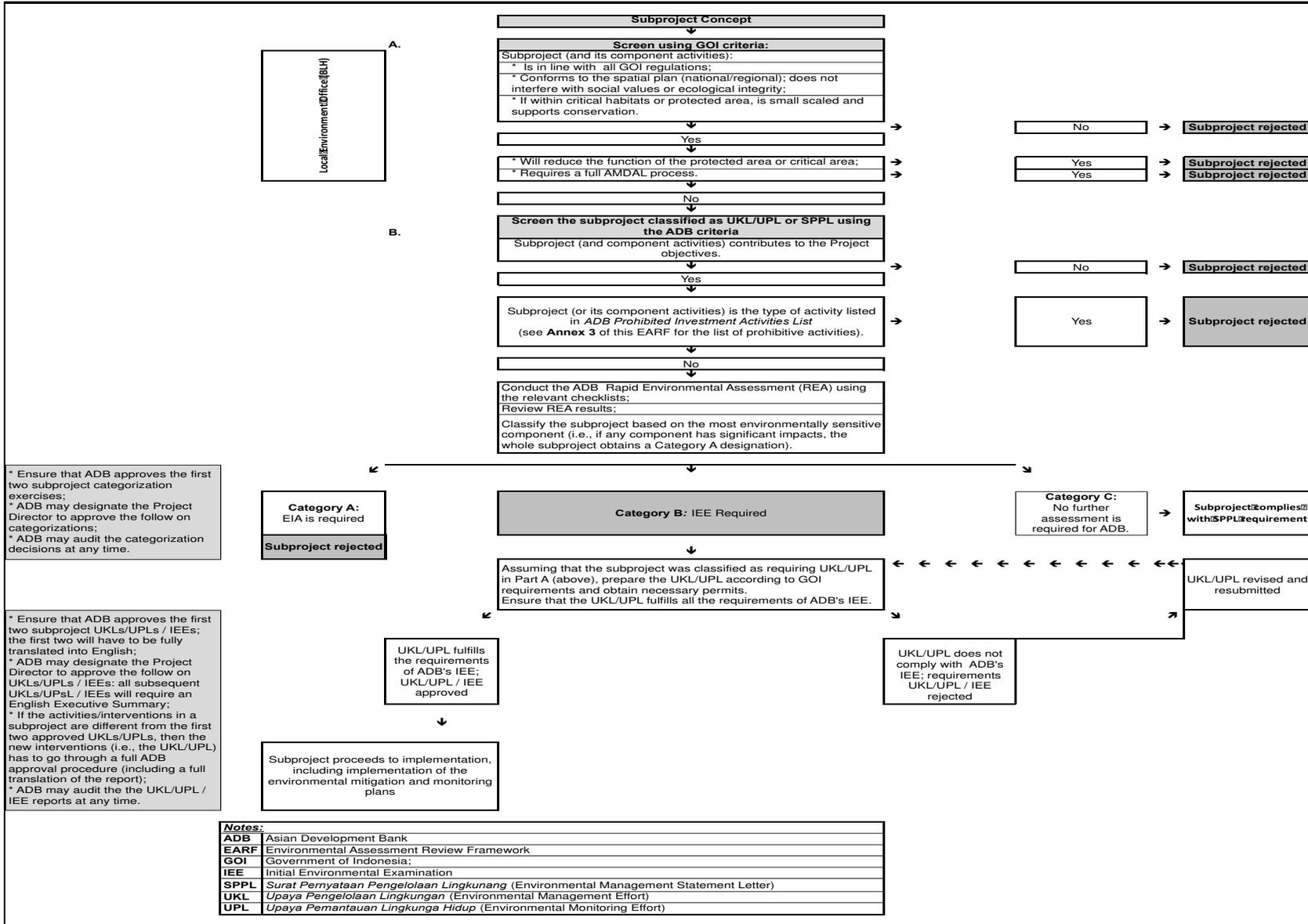
<b>UKL/UPL Table of Content</b>	<b>ADB IEE Table of Content</b>
<b>Must add Executive Summary and Introduction</b>	<b>Executive Summary / Introduction</b>
<b>Must add Policy, Legal, and Administrative Framework</b>	<b>Policy, Legal, and Administrative Framework</b>
The proponent Plan of Activity (Generally focused on amount of materials & water needed, waste produced; land acquisition, earthworks).	Description of the Subproject
Figure 1: Map of study location Figure 3: Land to be acquired <b>UKL/UPL reports do not have a strong requirement for baseline data;</b> <b>Must strengthen the baseline.</b>	Description of the Environment (baseline data) This baseline will likely include more attention to: <b>biodiversity, climate change, indigenous peoples, and health</b> than the UKL/UPL baseline.
Environmental Impacts Table 1: Environmental Impacts Figure 2: Map of environmental impacts	Anticipated Environmental Impacts & Mitigation Measures
~ Government needs to publish/announce the requests for and the issuance of environmental permits via a government web site or local newspaper. <b>Must expand this requirement to comply with ADB safeguards. The UKL/UPL (in English and local language) will need to be publicly accessible through ADB and government websites.</b> (The first two UKL/UPL will need to be fully translated into English; subsequently, it will be sufficient to provide an Executive Summary in English and the full UKL/UPL in Bahasa Indonesia. If specifically requested, a full English summary can be provided). <b>Must add a Grievance Mechanism.</b>	<b>Information Disclosure, Consultation, and Participation</b>  <b>Grievance Redress Mechanism</b>
Environmental Management and Monitoring Program Table 2: Environmental Mitigation Plan Table 3: Environmental Monitoring Plan <b>Must add indicators, EMP budget, institutional arrangements, and capacity building efforts.</b>	Institutional Arrangements and Environmental Management Plan (includes mitigation, monitoring, <b>indicators; budget, implementation arrangements, and capacity building</b> ).
<b>Must add conclusions and recommendations.</b>	<b>Conclusion and Recommendations</b>
Signature	
Appendices	

**F. Monitoring**

- a. The PISU will ensure that the UKL or UPL is integrated into the tender and contract documents of subprojects.
- b. The PISU will monitor implementation of the UKL or UPL and any unexpected adverse environmental impacts. The PISU will submit semi-annual monitoring reports to the PCU, describing the UKL or UPL implementation, compliance with national environmental legislation, compliance with ADB SPS and this EARP, and any required improvements.
- c. The PISU and the PCU will consolidate all the PISU monitoring reports and integrate the consolidated report into the semi-annual reports to ADB.
- d. If unanticipated environmental impacts are detected during subproject implementation, the PISU will revise the UKL or UPL accordingly.

55. Figure 3 provides a schematic of the screening and categorization procedure and the UKL or UPL or IEE approval process.

Figure 3. Screening and Categorization Procedure and UKL/UPL / IEE Approval Process



#### IV. ANTICIPATED ENVIRONMENTAL IMPACTS

56. There are potential impacts associated with the livelihood options and supporting activities that will be conducted in the 17 villages under the project. The activities include:

- **Land-based activities**, including agroforestry systems (e.g., rubber–coffee and rubber–gaharu / agar wood), assisted natural regeneration, and rubber plantation;
- **Non-land based activities** (including *Non-Timber Forest Products, NTFPs*) (e.g., beekeeping, catfish culture, handicrafts, and community based ecotourism);
- **Supporting facilities** such as micro-hydropower, small-scale solar panel systems, and/or infrastructure (e.g., one 2 km X 2 m road rehabilitation per village).

57. Table 5 - Summary of Potential Impacts and Mitigation Measures by Subproject Phase provides an overview of the various types of subproject activities as well as the specific activity-related impacts and mitigation measures.

##### A. Land-based activities

58. The main subproject activity is land-based cultivation. The selection of the plantation sites could generate important impacts, but the project will only implement this activity on degraded lands. Within the context of REDD+, *degraded land* refers to land areas with low carbon stocks. Degraded areas typically do not have any peat, have minimal tree cover, and do not sequester as much carbon as natural forests. The agroforestry, plantation, and NTFP activities should in general not be sited in wetlands. The potential direct, indirect, cumulative, and induced environmental impacts and risks to the physical, biological, socio-economic, and cultural resources are identified below.

##### 1. Positive Impacts

59. **Rubber Agroforestry and Rubber Plantations.** Soils degraded by shifting cultivation can be improved by establishing rubber plantations (*Hevea*). If the plantation adopts good management practices (e.g., terracing, silt pitting, and bunding and growing leguminous cover plants between the rows), the amount of organic matter will increase, thus improving soil physical properties (i.e., bulk density, soil porosity, moisture retention, and infiltration).

60. In addition, the *Hevea* trees serve as carbon sink. Under plantation conditions, *Hevea* is more effective than teak in up taking carbon dioxide (Sethuraj *et al.*, 1996), as rubber plants convert carbon dioxide into an elastomer. The leaf area created by a mature rubber tree is also sizeable and given the high rate of photosynthesis and *Hevea*'s high leaf area index, the biomass production per unit of land within a given time is very high. With a planting density of 450 trees/ha, the canopy of rubber plantations closes in less than five years. Rubber trees produce latex for about 30 years, and are usually replaced after that; the wood can then be used to make furniture.

61. **Kemiri Sunan Agroforestry.** *Kemiri sunan* or *Reutealis trisperma* (Blanco) Airy Shaw is a biofuel crop that can be grown on marginal land, hence avoiding competition with food crops. *Kemiri sunan* is under plant variety protection in Indonesia. It has a deep root system to absorb ground water (i.e., the deep roots help stabilize the land, helping to prevent landslides). It also

provides biodiesel, which can replace some fossil fuels. A leguminous cover crop can reduce site erosion.

62. **Selection of the Planting Seeds.** To achieve expected benefits, select seeds from plants that is adapted to the local conditions. The species mixture should provide good vegetation cover and improve soil quality.

## 2. Potential Negative Impacts and Proposed Mitigation Measures

63. **Impacts on Biodiversity and Protected Species.** Use of non-local seeds could result in poorly adapted plantations and loss of local biodiversity. Poor selection of plantation sites could result in land clearing and habitat loss. Land cultivation activity will only be implemented on degraded land in the villages, using locally adapted seeds or seedlings. Assuming that correct forest management practices are applied, the subprojects are expected to have a positive effect on biodiversity.

64. When the plantation activity is near protected areas, care will need to be taken to minimize the risk of introducing invasive species and to ensure that the community and plantation workers do not encroach and increase hunting pressure in the protected area. The plantation operator and workers will need to sign a code of conduct to minimize encroachment and hunting by plantation workers. This code of conduct will be monitored by the PISU. In addition, construction activities will need to be halted if protected species (as defined by Government Regulation No. 7/1999 on the Preservation of Wild Plants and Animals and IUCN Red List) are encountered during plantation works. The issue of the protected species will need to be discussed with the provincial conservation department to determine any mitigation action.

65. **Clearing planting sites.** Land clearing can cause permanent or temporary disturbances, damage existing vegetation (e.g., herbicides can be used to clear land), disrupt animal trails, increase runoff and soil erosion, or increase soil nutrient loss. The land clearing debris could increase the risk of forest fire. There is no specific land clearing programmed under the land-based activities during establishment of the plantation and land clearing will be minimized during operations. The use of herbicides is prohibited. Appropriate management of vegetation debris will be implemented (e.g., composting of vegetation wastes).

66. **Fertilizer.** Although synthetic fertilizers can have benefits, excess phosphorus can cause algae blooms, killing fish by depleting the oxygen. Excess phosphates and nitrates make water unsafe for consumption. Oxidized nitrogen, a byproduct of synthetic fertilizers, increases smog, which may increase the risk of respiratory illness and asthma. Excessive use and/or inappropriate application of chemical fertilizers results in surface runoff, surface water pollution, and chemicals seeping into underground aquifers. Excessive and long-term continuous application of chemical fertilizers changes the soil's physical and chemical properties and results in soil hardening, poor soil quality, and reduced productivity.

67. The land-based activities will correctly use Indonesia National Standard (SNI) certified inorganic fertilizer. The project is expected to transition to organic fertilizers. Manure will be applied during the first year, and then organic fertilizers will be used thereafter. This will in general improve the physical and chemical properties of soil, and minimize adverse environmental impacts.

68. **Pesticides.** The misuse of pesticide can cause adverse environmental impacts, e.g., pesticides can kill beneficial, natural predators or cause a decline in biodiversity. Pesticides can

pollute soil and water supplies, or directly or indirectly endanger the health of residents, livestock, crops, and wild animals. Additionally, the spraying equipment if not cleaned correctly can contaminate soil and water. In the case of a plant disease outbreak, the community may need to use pesticides. Use of toxic pesticides will be avoided. The land-based activities will correctly use SNI certified pesticides. The packaging materials for pesticides and fertilizers will be collected and treated at a central location. It is forbidden to wash such packaging in water bodies.

## **B. Non-land based activities**

69. **Beekeeping.** Bees are important pollinators, helping to maintain ecosystems. Beekeeping can be an important sustainable and alternative source of income in rural areas, benefiting communities living in and around forests. Beekeeping can also help raise community awareness on good forest management, stimulating conservation and thereby improving biodiversity. However, the number of native honeybees can fall once honeybee hives are introduced. The native bee may need to compete for resources and require additional time to collect the nectar and pollen for her nest. The use of pesticides to grow flowers can kill honeybees and other useful insects (e.g., bumblebees). If pesticide residue is detected in the honey, the product cannot be sold as organic honey, which represents an economic loss to the beekeeper. To sustain the bee colonies and the beekeeping industry, an Integrated Pesticide Management agreement is needed. This agreement will stipulate to: (a) minimize the use of pesticides; (b) apply pesticides at night, when bees are not foraging; (c) avoid applying pesticides during the effective bloom period of flowers; (d) confine the bees when pesticides are being applied (i.e., beekeeper should be notified of the intention, date, time, and place of pesticide application); and (e) use pesticides that are less toxic to bees. The list of less-toxic pesticides will have to be researched before implementation.

70. **Catfish Culture (Aquaculture).** The negative environmental impacts attributed to aquaculture are mostly as a result of poor planning e.g., inadequate site selection. There is also the issue that some catfish farms use exotic species (especially the commercial fish farms), some use hybrids, and some use local species. The fingerlings supplied by the fisheries department are likely to be exotic. During operation, aquaculture can negatively affect habitats, through introduction of exotic fish species that can alter the diversity of the natural flora and fauna.

71. Aquaculture can lead to water pollution and habitat damage, especially through the effluents that contain a high concentration of organic matter. Effluents can have a high concentration of nitrogen and phosphorus due to fish excreta and other metabolic products. The aquatic environment and organisms can be contaminated with other chemicals, e.g., antibiotics. In well-managed aquaculture farms, the water quality of influents and effluents is not significantly different. This can be done by locating fishponds near an appropriate water source and ensuring that water supply is sufficient to maintain fishpond water quality. A simple wastewater treatment system (e.g., *nitrobacter* bacteria can reduce the organic waste of pond effluents) will need to be installed for catfish culture.

72. **Handmade Textiles ('tenun').** The textile industry uses high volumes of water to wash fibers, bleach, dye, and wash the finished products. This wastewater contains chemicals that can cause environmental damage, if not correctly treated before discharge. In addition, hot water is used in the dye process, and hot wastewater can be discharged into river systems. Higher water temperature can negatively affect the aquatic ecosystem. Many dyes, including natural dyes, do not stick well to the fabric. A large amount of color is washed away upon using

textiles e.g., only 80% of a synthetic dye is retained by fabric and the rest is flushed out. To minimize water-availability conflicts, the textile activity will only be allowed where the water supply is adequate and where the water demand does not surpass availability. The sustainable use of natural dyes will be promoted. A simple wastewater treatment system will need to be installed to support the textile activity.

### C. Supporting Facilities

73. ADB SPS 2009 requires the EIA of all associated facilities to the project, including, among others, borrow pits and excavation sites.

74. **Construction of Small Scale Infrastructure.** Subprojects could include small-scale construction for ecotourism, road widening, micro-hydropower, and solar panels. Small-scale, localized construction could disturb or endanger adjacent residents and can disrupt existing services and access. Erosion and sedimentation due to subproject activities will need to be carefully managed. Based on the community-based approach, potential problems will be discussed with community members during the planning process. The FMU assisted by the community advisors will prepare a construction schedule that will include regular monitoring of potential problems to minimize and mitigate the disruptions and risks. The likely supporting activities are described in more detail below. Table 5 summarizes the potential impacts and mitigation measures.

75. **Ecotourism Facilities.** Various ecotourism activities are being considered, such as repairing traditional houses (*rumah bentang*) to accommodate tourists. Ecotourism activities could help convince local people that it is profitable to protect the environment. User fees or visitor admission fees can provide real economic incentives to protect areas. Ecotourism aims to change the unequal relationship typical of conventional tourism by encouraging the use of indigenous guides and local products, combining environmental education with basic or rustic travel comforts and/or accommodation. This helps to protect local flora and fauna, and provides local people with economic incentives to safeguard their environment. However, the tourism facilities could lead to habitat fragmentation. Building or renovating ecotourism facilities could generate some construction wastes, harmful emissions (e.g., oil, gasoline, metals, or other chemicals), or may generate noise. During operation, ecotourists will generate domestic wastewater (toilet wastes) and solid wastes that need to be managed. If ecotourism sites are not well controlled, too many tourists may come, which can disturb wildlife (e.g., during the critical breeding season), and/or result to habitat damage due to excessive trampling in nearby forests and erosion.

76. To minimize impacts, use environmental criteria to site ecotourism facilities and develop adequate waste management plans for all waste types (e.g., construction wastes and domestic wastes). If visitor numbers are high, it will also be important to set visitor quotas and visitor fees using environmental criteria. Quotas need to be based on a study of the local carrying capacity. Different visitor quotas may need to be set for rainy vs. dry season and breeding vs. non-breeding season. High fees may need to be set during high season or public holidays to curb visitor numbers.

77. **Small-Scale Road Rehabilitation or Construction.** Each of the 17 villages will have a small-scale road rehabilitation project (2 km X 2 m). Road projects, if not carefully designed, can result in habitat fragmentation. During construction, the main impacts of road works are from: (i) land clearing and spoils due to land clearing and site preparation; (ii) extraction of fill material either from cuts or borrow pits; (iii) soil erosion on slopes, in borrow pits, and along

embankments; and (iv) contamination of the land with hazardous and toxic chemicals through material spills. These disturbances may extend into the roadside vegetation, resulting in damage to species, or contaminated soil, plants, animals, and water.

78. A balanced cut-and-fill approach will be designed for each road link. Any excess cut will be used to shape embankments, strengthen the toe of high slopes, install road benches, and/or fill (pre-approved) low-lying areas. The PISU will approve the contractors' borrow pit and spoil management plans, which should outline the location of borrow pits, the fill locations for any excess material, and the rehabilitation measures at time of completion. All suitable material obtained from roadway excavation work will be used for construction of embankment or earthen shoulders.

79. Contractors will be encouraged to recycle any reclaimed asphalt into the pavement mix and reuse any aggregate for subgrade and base layers. The material that cannot be reused will be disposed according to a waste management plan.

80. During operation, an improved road could lead to higher running speeds, thus increasing the risk of collisions with wildlife and the risk of accidents with other vehicles, motorcycles and pedestrians. Improved access into an area due to the improved road can also increase hunting, poaching, or logging pressure in nearby protected areas, resulting in loss of wildlife, habitat, and vegetation. Improved access can also lead to land conversion (e.g., from forest land to agricultural land). Local authorities will be urged to control land use or induced development along the rehabilitated road. The PISU will monitor ribbon growth along the rehabilitated road and encroachment into sensitive areas.

81. **Micro Hydropower Plant (MHP).** A MHP can be installed to generate electricity where the water current is very low (e.g., a few liters per minute) or where there is a very short drop (e.g., as little as 1 m). The electricity generated can be distributed up to 1 km away. When carefully planned and adapted to the local environmental condition, and with careful selection of the location and the appropriate and robust technology, micro hydropower schemes produce a continuous and predictable supply of electricity. MHP is a run-of-river system, meaning that the water that passes through the generator is returned to the stream.

82. With proper siting and technology, MHP in general has few negative environmental impacts, very low distribution and running costs. It does not require fuel and has low maintenance, and can be implemented and managed at the local level. Moreover, the hydropower can be reliable and the systems can last many years, without major new investment. The latter assumes that a good quality generator and turbine are purchased, to avoid frequent breakdowns and continuous maintenance. Based on personal communications, frequent breakdowns of MHP can be an issue in some areas in Indonesia. Reforestation in the upstream of the water body will be promoted to avoid reduction of water flow. Good construction practice will be applied when working in the stream or water body to minimize impacts on sediments. Care will be taken to ensure that the electric generator does not disturb fish movements.

83. **Small Solar Panel Facilities.** Larger scale solar panels should be correctly sited, but in general only small-scale systems will be used in this project. During operation, solar facilities do not generally produce air emissions (e.g., sulfur dioxide, nitrogen oxides, carbon monoxide, volatile organic compounds, greenhouse gas, or carbon dioxide).

84. One potential environmental impact is that photovoltaic panels may contain hazardous materials. Solar panels are normally sealed, but if they are damaged or improperly disposed at time of decommissioning, there is potential for environmental contamination. Some of the chemicals or materials (e.g. oils or molten salts, hydraulic fluids, coolants, lubricants, or batteries) may be hazardous. Good planning and good maintenance practices, with appropriate waste management of damaged/expired parts can minimize the impacts from hazardous materials. Table 5 below summarizes the potential impacts and possible mitigation measures of the subproject activities.

**Table 5: Summary of Potential Impacts and Mitigation Measures**

Potential Impact in Project area	Positive / negative	Mitigation
<b>Land-based cultivation: rubber agroforestry, rubber plantation, Kemiri Sunan Agroforestry (1,880 ha)</b>		
<b>Design</b>		
<b>Loss of locally-adapted biodiversity:</b> Use of non-local seeds results in poorly adapted plantations and loss of local biodiversity.	-	<ul style="list-style-type: none"> <li>Select local seeds for plantations, to maintain local biodiversity and ensure that plants are adapted to local conditions.</li> </ul>
<b>Habitat loss:</b> Poor selection of plantation sites could lead to land clearing and habitat loss.	-	<ul style="list-style-type: none"> <li>Implement plantation activity only in degraded areas, e.g., mined out areas.</li> <li>Avoid land use conflicts (e.g., using the same land as food crop areas).</li> <li>Document the field condition of the land to be planted to ensure that no peat land, wetland, or native forested areas is selected for this activity.</li> </ul>
<b>Health and Safety:</b> <ul style="list-style-type: none"> <li>Poor Occupational Health and Safety (OHS) practice during the construction or operation at worksites damages the health of workers (e.g., worker accidents while using farm tools).</li> <li>Poor consideration of community health related to subproject construction or operation damages the health of community members (e.g., exposure to fertilizers and pesticides).</li> </ul>	-	<ul style="list-style-type: none"> <li>Include into bid documents the following requirements (to be based on the IFC health and safety guidelines): <ul style="list-style-type: none"> <li>Contractors to develop Occupational Health and Safety Plan (OHSP) covering all aspects of the workers' safety.</li> <li>Contractors to develop a Community Health and Safety Plan (CHSP) covering all aspects of the community's safety.</li> </ul> </li> </ul>
<b>Habitat improvement:</b> Correct selection of plantation site could improve degraded habitats, absorption of rainwater, and support biodiversity.	+	<ul style="list-style-type: none"> <li>Site the plantations in degraded areas and/or on land that was previously cleared;</li> <li>Implement SFM to support key ecological processes (e.g., soil improvement, water retention, biodiversity, &amp; pollination).</li> </ul>
<b>Operation &amp; Maintenance</b>		
<b>Habitat loss / damage to biodiversity:</b> <ul style="list-style-type: none"> <li>When the plantation activity is near protected areas, invasive species could threaten biodiversity.</li> <li>Plantation activity near protected areas can result in encroachment into the protected areas.</li> <li>Plantation workers could increase hunting pressure in the protected area.</li> <li>Excessive or misuse of pesticides can kill beneficial biodiversity.</li> </ul>	-	<ul style="list-style-type: none"> <li>Use local species to minimize the risk of invasive species.</li> <li>Ensure that plantation operator and workers sign a Code of Conduct to minimize encroachment and hunting, when plantation is located near protected area.</li> <li>SUs to monitor community encroachment and Plantation Operators' adherence to Code of Conduct, when plantation is located near protected area(s).</li> <li>Halt works if a protected species is encountered, and discuss the matter with the conservation department, to determine any mitigation action.</li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
		<ul style="list-style-type: none"> <li>Apply only SNI certified pesticides.</li> </ul>
<p><b>Loss of vegetation / disruption to wildlife:</b></p> <ul style="list-style-type: none"> <li>Poor land clearing practices during operation could damage existing vegetation.</li> </ul>	-	<ul style="list-style-type: none"> <li>Minimize land clearing during operation of the plantation.</li> </ul>
<p><b>Soil degradation:</b></p> <ul style="list-style-type: none"> <li>Poor land clearing practices could increase soil erosion and soil nutrient loss.</li> <li>Poor rubber plantation farm practices could reduce soil quality, e.g., through excess erosion.</li> <li>Long-term application of chemical fertilizers could change physical and chemical features of the soil, resulting in soil hardening, poor soil quality, and reduced productivity.</li> </ul>	-	<ul style="list-style-type: none"> <li>Implement site-appropriate agroforestry management practices to reduce erosion (e.g., terracing, silt pitting, and bunding), enrich soils (e.g., leguminous cover plants between the rows to assist with nitrogen fixation), and improve soil physical properties (e.g., moisture retention and infiltration).</li> <li>Apply only SIN certified fertilizers in the correct quantity and at the correct time.</li> <li>Switch to manure or organic fertilizers as soon as possible.</li> </ul>
<p><b>Pollution (soil and water) from fertilizers:</b></p> <ul style="list-style-type: none"> <li>Excess fertilizer use could damage soils, pollute water supplies for biodiversity and humans, and directly or indirectly endanger the health of the residents, livestock, crops, and wild animals.</li> </ul>	-	<ul style="list-style-type: none"> <li>Use SIN approved fertilizers.</li> <li>Prioritize the use of organic fertilizers.</li> <li>Periodically monitor the nutrient state of the plants and the soil quality to determine correct level of fertilizer application;. Do not over fertilize.</li> </ul>
<p><b>Pollution (soil and water) from pesticides / herbicides</b></p> <ul style="list-style-type: none"> <li>Pesticide / herbicide runoff or waste pesticide / herbicide containers contaminate soil or water supplies, endangering health of biodiversity and humans</li> </ul>	-	<ul style="list-style-type: none"> <li>Avoid the use of inorganic pesticides.</li> <li>Avoid using herbicides.</li> <li>Apply only SNI certified pesticides.</li> <li>Collect and correctly manage pesticide wastes (e.g., excess chemical or packaging must be sent to a central facility).</li> </ul>
<p><b>Increase risk of fire:</b></p> <ul style="list-style-type: none"> <li>Poor farm practices, related to management of vegetation debris, could increase the risk of fire.</li> </ul>	-	<ul style="list-style-type: none"> <li>Land clearing or cleaning for plantations will be avoided or minimized.</li> <li>Apply an appropriate waste management system for vegetation debris (e.g., compost the debris and use as fertilizer or soil conditioner).</li> </ul>
<p><b>Soil improvement:</b></p> <ul style="list-style-type: none"> <li>Soils degraded through shifting cultivation are improved through the establishment of Hevea plantations.</li> </ul>	+	<ul style="list-style-type: none"> <li>Adopt SFM practices.</li> <li>Grow legume cover crop to reduce soil erosion.</li> </ul>
<p><b>Improved carbon sink:</b></p> <ul style="list-style-type: none"> <li>The rubber plantation can serve as carbon sink;</li> <li>The kemiri sunan agroforestry plantation supplies local biodiesel, which substitutes diesel oil.</li> </ul>	+	<ul style="list-style-type: none"> <li>At the end of the latex production (~20 years), promote using rubber wood to make furniture, thus maintaining the carbon sink.</li> <li>Ensure that there is local capacity and supporting infrastructure to use or distribute the local biodiesel.</li> </ul>
<p><b>Non land-based activities:</b> beekeeping, catfish culture, &amp; textiles could provide positive community-based economic impacts.</p>		
<p><b>Beekeeping:</b> Beekeeping can be an important sustainable and alternative source of income in rural areas, benefiting communities living in and around forests. Some impacts are listed below.</p>		
<p><b>Design</b></p>		
<p><b>Health and Safety:</b></p> <ul style="list-style-type: none"> <li>Poor OHS practice during the construction or operation at worksites damages the health of workers (e.g.,</li> </ul>	-	<ul style="list-style-type: none"> <li>Include into bid documents the following requirements (to be based on IFC health and safety guidelines): <ul style="list-style-type: none"> <li>Contractors to develop OHSP covering all</li> </ul> </li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
bee stings and allergic reactions). • Poor consideration of community health related to subproject construction or operation damages the health of community members.		aspects of the workers' safety; Contractors to develop a CHSP) covering all aspects of the community's safety.
<b>Operation:</b>		
<b>Loss of biodiversity:</b> • The number of native honeybees can fall, once honeybee hives are introduced, due to competition over flower nectar. • The use of pesticides for flower cultivation can kill honeybees and other useful insects such as bumble bees.	-	<ul style="list-style-type: none"> <li>Use pesticides when absolutely needed (e.g., a pest population is out of control).</li> <li>Don't use inorganic pesticides on flowers.</li> <li>Use Integrated Pesticide Management.</li> <li>Have the communities sign an <i>Integrated Pesticide Management Agreement</i> stipulating that when pesticides must be used:., apply pesticides only at night when bees are not foraging; avoid applying pesticides during the effective bloom period of flowers; notify beekeepers when pesticides are being applied so that the bees can be confined in that period, and use pesticides that are less toxic to bees. (This will need to be researched prior to implementation).</li> </ul>
• Economic loss to beekeepers if pesticide residue is detected in the honey (the product cannot be sold as organic, if it has pesticide residue).	-	<ul style="list-style-type: none"> <li>Apply / implement <i>Integrated Pesticide Management Agreement</i> (as described above);</li> <li>Use organic, non-persistent pesticides (e.g., contact pesticides, not systemic pesticides).</li> </ul>
<b>Fish culture (aquaculture)</b>		
<b>Design / Construction</b>		
<b>Habitat loss / habitat damage:</b> • Poor planning leads to inadequate site selection, and habitat damage.	-	<ul style="list-style-type: none"> <li>Locate fishponds near an appropriate water source and in a stable area not prone to landslide. Many small ponds (2 X 3 m) can be constructed under the Project.</li> <li>Ensure that water supply is sufficient to maintain fishpond water quality. Fish ponds can require weekly flushing with clean water.</li> </ul>
<b>Operation</b>		
<b>Biodiversity loss /damage:</b> • The introduction of exotic catfish species into the natural environment through escapees could alter biodiversity of the natural flora and fauna; • Catfish escaping to local streams or water bodies become a pest and aggressively compete local fish. • Bacteria or virus from infected catfish can spread to open water, infecting local fish leading to mortality. • Pond effluents containing antibiotics to control disease outbreaks harm local biodiversity.	-	<ul style="list-style-type: none"> <li>Select local species, if possible although this may not be possible if the local fisheries office only supplies exotic fingerlings.</li> <li>Ensure that the catfish cannot escape the fishpond and invade the local water bodies. Ensure that the water quality in the fishpond remains adequate during operation. This may require the weekly replacement of about 1/3 of the pond water.</li> </ul>
<b>Water pollution:</b> • Pond effluents pollute local water sources, due to high concentration of organic matter, nitrogen, and phosphorus (from fish excreta or excess feed). • Pond effluents containing antibiotics to control fish disease pollute open	-	<ul style="list-style-type: none"> <li>Ensure that catfish operations are well managed and that effluents comply with standards. This should be the case if 1/3 of the pond water is changed on a weekly basis.</li> <li>PISU to periodically monitor to ensure that water quality of influents and effluents is not significantly different.</li> <li>Maintain healthy conditions, to avoid use of</li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
water.		antibiotics. <ul style="list-style-type: none"> <li>Apply simple waste water treatment for pond effluents as part of the subproject design (e.g., <i>Nitrobacter</i> bacteria can reduce the organic waste from fish ponds).</li> <li>Recycle the treated water, if possible.</li> </ul>
<b>Handmade textiles</b>		
<b>Health and Safety:</b> Poor OHS practice during the construction or operation at worksites damages the health of workers (e.g., risks related to handling hot water). Poor consideration of community health related to subproject construction or operation damages the health of community members (e.g., water pollution)	-	<ul style="list-style-type: none"> <li>Include into bid documents the following requirements (to be based on IFC health and safety guidelines):               <ul style="list-style-type: none"> <li>Contractors to develop OHSP) covering all aspects of the workers' safety.</li> <li>Contractors to develop a CHSP) covering all aspects of the community's safety.</li> </ul> </li> </ul>
<b>Operation &amp; Maintenance Phase</b>		
<b>Conflict in local water use:</b> <ul style="list-style-type: none"> <li>Demand for water by textile industry interferes with local water use and use of water by biodiversity</li> </ul>	-	<ul style="list-style-type: none"> <li>Only allow textile industry where water supply is adequate, and ensure that the textile industry water requirement does not surpass water availability. In areas where there could be some unexpected water supply issue, harvest rainwater to support local domestic consumption, textile industry, and fish farms.</li> </ul>
<b>Water Pollution:</b> <ul style="list-style-type: none"> <li>The chemical wastewater from textile industry pollutes local water supplies, damaging the habitat and the health of biodiversity and the health of the local population.</li> <li>The high temperature of effluents damages the receiving water body</li> </ul>	-	<ul style="list-style-type: none"> <li>Promote the sustainable use of traditional dyes obtained from nature (e.g., use the leaves and roots of plants such as <i>Morinda citrifolia</i>, leaf sap, turmeric, bark of mango, mahogany, zopha, and hazelnut).</li> <li>Install simple wastewater treatment system as part of the subproject design.</li> </ul>
<b>Support Activities: small infrastructure, small micro hydropower, and solar panels</b>		
<b>Ecotourism activities:</b> One example is the renovation of traditional houses ( <i>rumah bentang</i> ) to accommodate visitors.		
<b>Design:</b>		
<b>Habitat fragmentation:</b> <ul style="list-style-type: none"> <li>Improperly sited ecotourism facilities could lead to habitat fragmentation.</li> </ul>	-	<ul style="list-style-type: none"> <li>Use environmental criteria to site ecotourism facilities.</li> </ul>
<b>Health and Safety:</b> <ul style="list-style-type: none"> <li>Poor OHS practice during the construction or operation at worksites damages the health of workers (e.g., use of personal protection equipment during construction).</li> <li>Poor consideration of community health related to subproject construction or operation damages the health of community members (e.g., communicable disease to/from visitors and to/from wildlife).</li> </ul>	-	<ul style="list-style-type: none"> <li>Include into bid documents the following requirements (to be based on IFC health and safety guidelines):               <ul style="list-style-type: none"> <li>OHSP covering all aspects of the workers' safety;</li> <li>Contractors to develop a CHSP covering all aspects of the community's safety.</li> </ul> </li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
<b>Construction Phase</b>		
<p><b>Pollution from wastes:</b></p> <ul style="list-style-type: none"> <li>Building or renovating ecotourism facilities could generate some construction wastes, harmful emissions (e.g., oil, gasoline, metals, or other chemicals), or may generate noise.</li> </ul>	-	<ul style="list-style-type: none"> <li>Correctly manage any construction wastes within a waste management plan.</li> <li>Inform local community about construction schedule to minimize nuisance issues.</li> </ul>
<b>Operation &amp; Maintenance Phase</b>		
<p><b>Pollution from wastes:</b></p> <ul style="list-style-type: none"> <li>During operation, ecotourists will generate domestic wastewater (toilet wastes) and solid wastes that need to be managed.</li> </ul>	-	<ul style="list-style-type: none"> <li>Construct simple wastewater treatment system (e.g., simple septic tanks) to treat the domestic wastewater of visitors.</li> <li>Provide garbage bins at strategic points;</li> <li>Implement a waste management hierarchy for tourism wastes (e.g., compost organic wastes).</li> <li>Educate visitors on environmental management and good waste management practices through signboards and simple notices.</li> <li>Educate visitors on how to help protect local flora and fauna and provide local people with economic incentives to safeguard their environment.</li> </ul>
<p><b>Cultural Damage:</b></p> <ul style="list-style-type: none"> <li>Ecotourists can introduce cultural norms that are in conflict with local social norms.</li> </ul>	-	<ul style="list-style-type: none"> <li>Educate visitors on cultural norms.</li> </ul>
<p><b>Habitat Damage:</b></p> <ul style="list-style-type: none"> <li>High numbers of ecotourists result in habitat damage.</li> </ul>	-	<ul style="list-style-type: none"> <li>If visitor numbers are high, it will also be important to set visitor quotas and visitor fees using environmental criteria. Quotas need to be based on a study of the local carrying capacity; different visitor quotas may need to be set for rainy vs. dry season and breeding vs. non-breeding season; high fees may need to be set during high season or public holidays to curb visitor numbers.</li> </ul>
<b>Small-scale road rehabilitation:</b> Each of the 17 villages will have a small road rehabilitation project (2km X 2m).		
<b>Design:</b>		
<p><b>Habitat loss / biodiversity loss / habitat fragmentation</b></p> <ul style="list-style-type: none"> <li>Road projects, if not carefully designed and sited, can result in habitat fragmentation.</li> <li>The location of the improved road can improve community access to sensitive areas, leading to encroachment (e.g. agriculture), logging, and hunting in nearby protected areas.</li> </ul>	-	<ul style="list-style-type: none"> <li>Carefully site road projects to avoid habitat fragmentation.</li> <li>Local government to control land use / induced development / encroachment along the rehabilitated road and to forbid an increase in ribbon growth along the road.</li> <li>PISU to monitor ribbon growth along the rehabilitated road and encroachment into sensitive areas.</li> </ul>
<p><b>Excessive use of local resources (e.g., borrow materials)</b></p> <ul style="list-style-type: none"> <li>Poor planning leads to excessive use of borrow materials and excess</li> </ul>	-	<ul style="list-style-type: none"> <li>Plan for a balanced cut-and-fill approach for each road link;</li> <li>Plan to use any excess cut to shape embankments, strengthen the toe of high</li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
spoil areas during construction.		slopes, install road benches, and/or fill (pre-approved) low-lying areas; <ul style="list-style-type: none"> <li>• PCU / PISU to approve the Contractors' <i>Spoil Management, Drainage Management, and Borrow Pit Management Plan</i>. The plan should outline the location of borrow pits, the fill locations for any excess material, and the rehabilitation measures at time of completion.</li> </ul>
<b>Health and Safety:</b> <ul style="list-style-type: none"> <li>• OHS practice during the construction or operation at worksites damages the health of workers (e.g., use of personal protection equipment during construction).</li> <li>• Poor consideration of community health related to subproject construction or operation damages the health of community members (e.g., risk of accidents with faster moving vehicles).</li> </ul>	-	<ul style="list-style-type: none"> <li>• Include into bid documents the following requirements (to be based on IFC health and safety guidelines):               <ul style="list-style-type: none"> <li>· Contractors to develop OHSP covering all aspects of the workers' safety;</li> <li>· Contractors to develop a CHSP covering all aspects of the community's safety.</li> </ul> </li> </ul>
<b>Construction:</b> During construction, the main impacts of road works are from (i) land clearing and spoils due to land clearing and site preparation; (ii) extraction of fill materials (either from cuts or borrow pits); (iii) drainage management and soil erosion on slopes, borrow pits, and embankments; and (iv) contamination of the land with hazardous and toxic chemicals through material spills. These disturbances may extend into the roadside vegetation, resulting in damage to species, or contaminated soil, plants, animals, and water.		
<b>Soil erosion / increase risk of landslide:</b> <ul style="list-style-type: none"> <li>• Poor land clearing practices, spoil management practices, or borrow pit exploitation practices leave large areas of soil barren and prone to erosion.</li> </ul>	-	<ul style="list-style-type: none"> <li>• Minimize cut areas.</li> <li>• Develop, implement, and monitor a site-specific plan to manage spoils, drainage, borrow pits, and wastes.</li> </ul>
<b>Siltation of water bodies, due to poor drainage management</b>	-	<ul style="list-style-type: none"> <li>• Minimize land clearing and cut areas.</li> <li>• Install drainage ditches and siltation pits where needed.</li> <li>• Develop, implement, and monitor a site-specific plan to manage spoils, drainage, borrow pits, and wastes.</li> </ul>
<b>Pollution from poor waste management practices</b>	-	<ul style="list-style-type: none"> <li>• Develop, implement, and monitor a site-specific plan to manage spoils, drainage, borrow pits, and wastes.</li> <li>• Encourage Contractors to recycle any reclaimed asphalt into the pavement mix and reuse any aggregate for subgrade and base layers. The materials that cannot be reused will be disposed according to the spoil/waste plan.</li> <li>• Use all suitable material obtained from roadway excavation to construct embankments / earthen shoulders.</li> <li>• Compost vegetation waste.</li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
<b>Operation (of small scale road)</b>		
<p><b>Biodiversity loss / loss of habitat:</b></p> <ul style="list-style-type: none"> <li>Improved access into an area due to the improved road can increase hunting, poaching, or logging pressure in nearby protected areas resulting in loss of wildlife, habitat, and vegetation.</li> <li>Improved access can also lead to land conversion (e.g., to agriculture and plantations).</li> </ul>	-	<ul style="list-style-type: none"> <li>Educate local people on the economic benefits of protecting biodiversity and ecotourism.</li> <li>Local government to control land use / induced development / encroachment along the rehabilitated road and to forbid an increase in ribbon growth along the road.</li> <li>SUs to monitor ribbon growth along the rehabilitated road and encroachment into sensitive areas.</li> </ul>
<p><b>Increase risk of accidents:</b></p> <ul style="list-style-type: none"> <li>During operation, an improved road could lead to higher vehicle running speeds, thus increasing the risk of collisions with wildlife and the risk of accidents with other vehicles / motorcycles / pedestrians.</li> </ul>	-	<ul style="list-style-type: none"> <li>Manage traffic through road furniture, where needed (e.g., signs or speed humps);</li> <li>Traffic police to enforce traffic regulations.</li> </ul>
<p><b>Damage to biodiversity and roadside due to poor management of road maintenance wastes.</b></p>		<ul style="list-style-type: none"> <li>Manage road maintenance wastes, as per waste management plan (e.g., vegetation debris to be composted in a suitable location).</li> </ul>
<p><b>Micro hydropower:</b> If planned carefully and well adapted to environmental conditions, micro hydropower schemes produce a continuous and predictable supply of electricity in comparison to other small-scale renewable technologies.</p>		
<b>Design (micro hydropower)</b>		
<p><b>Disturbance to power generation:</b></p> <ul style="list-style-type: none"> <li>Water availability fluctuates too much, causing power generation issues (electric force will be weakened if the source of the water fluctuates too much).</li> </ul>	-	<ul style="list-style-type: none"> <li>Correctly site micro hydropower to avoid water availability problems.</li> <li>Promote reforestation in upstream of the river/stream to avoid reduction of water flow.</li> </ul>
<p><b>Health and Safety:</b></p> <ul style="list-style-type: none"> <li>OHS practice during the construction or operation at worksites damages the health of workers; (e.g., use of personal protection equipment during construction);</li> <li>Poor consideration of community health related to subproject construction or operation damages the health of community members (e.g., risk of electrical shocks or house fires due to electrical short circuit).</li> </ul>	-	<ul style="list-style-type: none"> <li>Include into bid documents the following requirements (to be based on IFC health and safety guidelines): <ul style="list-style-type: none"> <li>Contractors to develop OHSP covering all aspects of the workers' safety;</li> <li>Contractors to develop a CHSP covering all aspects of the community's safety.</li> </ul> </li> </ul>
<b>Construction (of micro hydropower)</b>		
<p><b>Disturbance to stream leads to siltation or erosion</b> (potentially disturbing local water supply).</p>	-	<ul style="list-style-type: none"> <li>Apply good construction practice, when working in stream / water body (to minimize sediments and disruption to stream bed).</li> </ul>
<b>Operation (of micro hydropower)</b>		
<p><b>Disturbance to aquatic habitat and fish species.</b></p>	-	<ul style="list-style-type: none"> <li>Ensure that electric generator does not block fish movements from upstream to downstream.</li> <li>Promote reforestation in upstream of the river to avoid reduction of water flow.</li> </ul>
<p><b>Small solar panels:</b> Can reduce the air emission impacts related to using fossil fuel, including reducing GHG.</p>		
<b>Design:</b>		
<p><b>Habitat loss / biodiversity loss</b></p>	-	<ul style="list-style-type: none"> <li>Site any larger scale solar system in lower-quality locations (e.g., brownfields, or existing transportation and transmission corridors).</li> </ul>

Potential Impact in Project area	Positive / negative	Mitigation
<b>Construction (solar panels)</b>		
<b>Loss of biodiversity, soil erosion, and drainage impacts:</b> <ul style="list-style-type: none"> <li>Land clearing for the larger installations lead to the above mentioned impacts.</li> </ul>	-	<ul style="list-style-type: none"> <li>Correctly site solar installations, to minimize impacts on greenfield locations.</li> <li>Apply best practices in construction.</li> </ul>
<b>Operation and Maintenance (solar panels)</b>		
<b>Pollution (land or water) from damaged components, spills, and decommissioned parts</b> including some potentially hazardous wastes.	-	<ul style="list-style-type: none"> <li>Provide an appropriate maintenance and waste management system to minimize impacts from hazardous materials.</li> <li>Correctly manage used batteries (send to a central location).</li> </ul>

## V. CONSULTATION, INFORMATION DISCLOSURE, AND GRIEVANCE REDRESS MECHANISM

85. All subprojects will comply with public consultation and information disclosures in accordance with ADB and GOI requirements during the UKL or UPL or IEE or SPPL preparation or implementation phase.

### A. Public Consultation

86. Public consultation is an integral part of the identification, selection and implementation of the project village-level subprojects. Public consultation should be carried out in a meaningful manner and on an ongoing basis. The project has conducted some public consultation already, in compliance with the ADB SPS 2009. The individual IEEs provides a summary of the issues raised by local communities, the list of consulted people, and the project's response to local concerns. This section mainly addresses the consultation for environmental assessment.

87. For all category B subprojects, at least one consultation will be conducted to inform stakeholders about the subproject, the potential impacts, and likely mitigation. The PISU–ESS will assist with consulting people and groups likely to be affected by the proposed development, other stakeholders deemed relevant, and local non-governmental organizations. Furthermore, the results of the environmental assessment checklists will be discussed at the village meeting. Additional consultations can be held with particular groups or individuals, if deemed necessary.

88. In conformity with best practices, the consultation process will:

- Begin as early as possible in the preparation stage;
- Provide timely disclosure of relevant and adequate information in an understandable and readily accessible format;
- Be conducted in an atmosphere free of intimidation or coercion;
- Be conducted in a gender inclusive and responsive manner, tailored to the needs of vulnerable groups;
- Be commensurate with the scale of the subproject activities and potential impacts;
- Document the environmental concerns raised at the village meetings into meeting minutes and incorporate the concerns into the environmental assessment document and relevant decisions (e.g., incorporate into the design and mitigation measures, where needed); and
- Establish a GRM to review complaints regarding environmental performance.

## **B. Information Disclosure**

89. Environmental documents (e.g., business plan/project activities, REA, UKL or UPL or IEE, and SPPL) are subject to public disclosure. These documents will be made available upon request in Bahasa Indonesia and/or English, and will be available at appropriate locations (e.g., PISU, FMU, PCU, ADB website).

90. Once a subproject has received all its necessary approvals (e.g., approval of UKL or UPL or IEE and environmental permits), community contracts will be prepared for the subproject. The signed contract, progress reports, and financial records of the subproject will be posted on signboards or kept at the relevant FMU and/or PISU offices.

## **C. Grievance Redress Mechanism**

91. A GRM is a systematic process to receive, evaluate, and address the project-related grievances of affected persons (AP) and/or groups. The EA will set up GRM at national level in consultation with relevant stakeholders within six months of grant effectiveness and post it publicly on the project website with outreach for all project areas. In addition, as part of the output 2 of the project, PISU will establish a GRM at provincial level focusing on tenure and REDD+ issues. Provincial level GRM focusing on REDD+ will also be established within six months of grant effectiveness. An information disclosure mechanism in Bahasa will also be in place at district level to ensure that the local communities in Kapuas Hulu and Sintang districts are aware of grievance mechanisms and their potential involvement and responsibilities in the project activities.

92. The PISU will operationalize the GRM at various levels to receive and facilitate the resolution of concerns, complaints, and grievances (both safeguards related and non-safeguards related). Any complaint from community will be managed in accordance with the GRM. The project, with the assistance of the PISU, will work proactively to prevent issues from becoming grievances by ensuring that appropriate mitigation measures are correctly implemented by monitoring and conducting public consultation procedures.

93. The intent of the GRM is to satisfactorily resolve complaints about the environmental performance during the pre-construction, construction, operation, and maintenance phases. The GRM will (i) protect the basic rights and interests of every person affected in the case of poor environmental performance; and (ii) ensure that concerns arising from the poor environmental performance are effectively and timely addressed. The GRM can also be applied to other types of complaints (e.g., technical issues), but the focus of the discussion below is on environmental complaints.

94. The PCU, the PISU, FMUs, and the province/district/sub-district/village will make the public aware of the GRM through public awareness campaigns, training, and capacity building. PISU will nominate and train one staff to be the environmental grievance point person (GPP). Any person who has complaints regarding environmental performance (e.g., land acquisition, dust, noise, safety, environmental standards, criminal activity, disturbance to plants/wildlife, or access problems) during the pre-construction, construction, or operation phases will have access to the GRM.

95. The GPP will ensure that:
- (i) The GRM and the GPP's contact details are publicly disclosed and posted in strategic places in the subproject's area of influence (e.g., community offices);
  - (ii) The GRM is accessible to all affected communities;
  - (iii) The GRM mechanism is socialized;
  - (iv) The public, especially the people in the subproject's area of influence, are aware of their rights and have access to the GRM mechanism free of administrative and legal charges;
  - (v) An AP / affected group can raise a grievance in confidence. If the complainant asks the GPP to protect his or her identity, the person/s' identity should not be disclosed without consent;
  - (vi) Households or groups of households use a Standard Complaint Form to record their complaint about the effects of any subproject on their property, production system, economic well-being, spiritual life, quality of surface and ground water, quality of air, health, safety, welfare, or any other relevant aspect. The GPP will provide the form;
  - (vii) Complaints are resolved at the earliest time and at the lowest level of government possible, e.g., at village level;
  - (viii) The complaint handling mechanism is objective, fair, and transparent;
  - (ix) The registry of complaints and follow-up resolutions is documented and disclosed, and reported to ADB and higher levels of government.
96. The grievance investigation and resolution process is outlined below. It shows the escalating steps (i.e., if the grievance cannot be solved at village/field level, it is processed at the next lowest administrative level).

**Step 1:** The APs or affected households (AHs), or groups of households send the Standard Complaint Form to the GPP.

**Step 2:** If the complaint is valid, the GPP will conduct a meeting (within 15 days from the date of receiving the complaint) with the relevant agency or contractor or subcontractor to discuss how to resolve the complaint. All decisions will be recorded and copies of the meeting minutes will be provided to the AP or AH. The relevant agency will implement the agreed mitigation measures within 15 days, or within some other agreed period. Once the complaint is resolved, the relevant parties (e.g., AP/AH, agency, and GPP) will sign and annotate the Standard Complaint Form, with copies sent to all parties.

**Step 3:** If there is no solution reached or if there is no response from the relevant agency within 15 days of registering the complaint, the AP/AH can appeal to the relevant sub-district/*kecamatan*. The sub-district will make a decision and apply mitigation measure within 15 days of receiving the appeal. Once the complaint is resolved, the relevant parties will sign and annotate the Standard Complaint Form, with copies sent to the relevant parties.

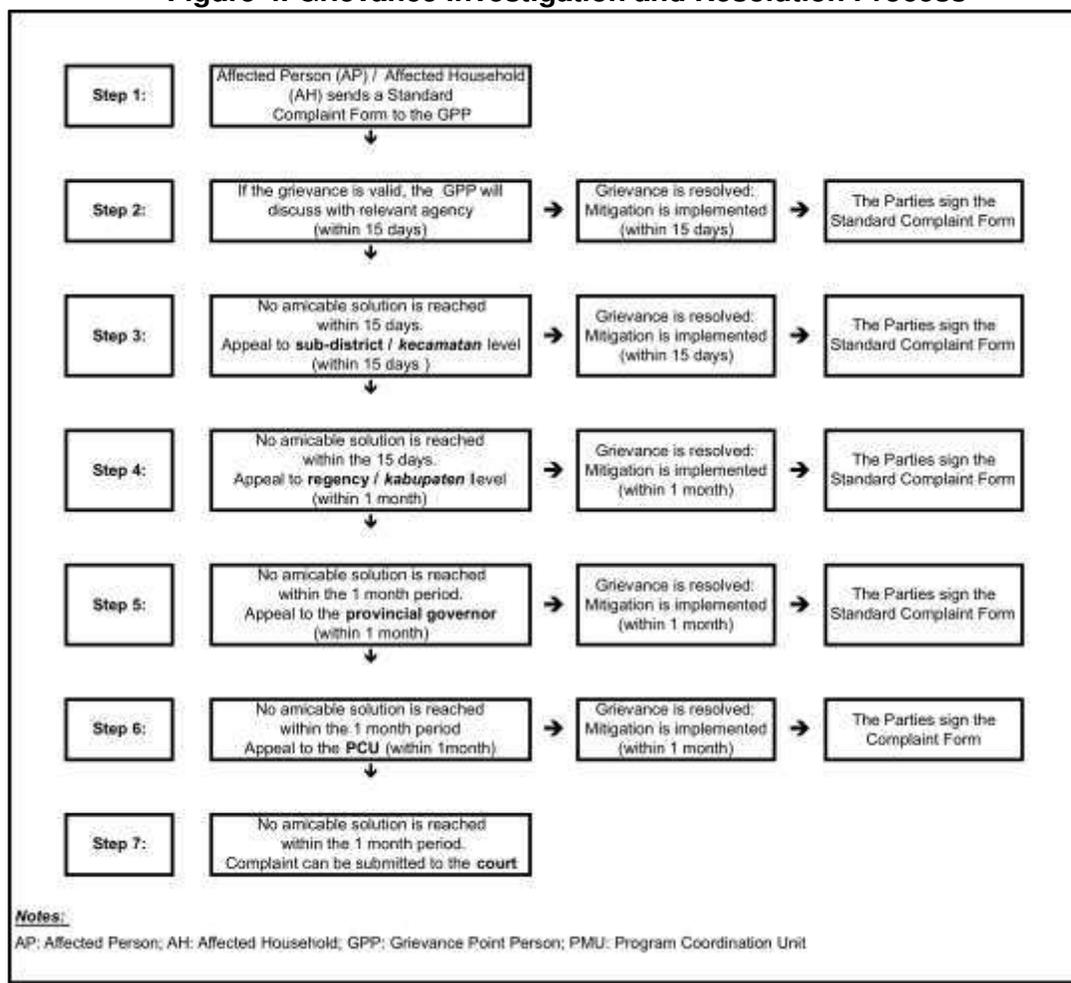
**Step 4:** If there is no solution reached or no decision or mitigation measure received from the sub-district/*kecamatan* within 15 days of registering the complaint, the AP/AH can appeal to the regency/*kabupaten* through the GPP. The Regency will decide and take a mitigation measure(s) within one month of receiving the appeal. Once the complaint is resolved, the complainant, the relevant parties, the Regency, and the GPP will sign the Standard Complaint Form.

**Step 5:** If there is no solution reached or no decision or mitigation measure received from the *regency/kabupaten* within one month of registering the complaint, the APs/AHs can appeal to the provincial governor through the GPP; the governor will decide and take mitigation measure(s) within one month of receiving the appeal. Once the complaint is resolved, the complainant, the relevant parties, the provincial governor, and the GPP will sign the Standard Complaint Form.

**Step 6:** If there is no solution reached or if there is no response from the provincial governor within one month of registering the complaint, the APs/ AHs can appeal to the PCU through the relevant GPP. The PCU will provide a decision and take mitigation measures within one month of receiving the appeal. When the complaint is resolved, the complainant, the relevant parties, the GPP, and the PCU will sign the Standard Complaint Form; this form will also be copied to ADB.

**Step 7:** If the AP/AH is unsatisfied with the decision of the PCU or if there is no response within the stipulated time, the AP/AH as a last resort may submit his/her case to the court to redress the grievance.

**Figure 4. Grievance Investigation and Resolution Process**



## VI. INSTITUTIONAL ARRANGEMENTS AND RESPONSIBILITIES

### A. Authority and Responsibilities

97. The FIP Steering Committee (SC) for Indonesia comprises officials from MOEF, Ministry of Finance (MOF), National Development Planning Agency (BAPPENAS), Ministry of Home Affairs (MOHA), Dedicated Grant Mechanism (DGM), DKN, FIP Focal Point, and MDBs (ADB, WB and IFC) as observers. The FIP SC will provide oversight for the program and coordinate REDD+ policy priorities across various ministries, and provide coordination among the FIP supported engagements by ADB, WB and IFC.

98. The project's EA is MOEF's Directorate General of Social Forestry and Environmental Partnerships (Perhutanan Sosial dan Kemitraan Lingkungan – PSKL). The EA will oversee project activities as per standards and requirements of the financing modality and will ensure in coordination with MOF and ADB that the flow of funds is well organized.

99. There are three implementing agencies at national level:

- (i) Directorate of Business Development for Social Forestry and Customary Forests (*Bina Usaha Perhutanan Sosial dan Hutan Adat, BUPSHA*);
- (ii) Directorate of Environmental Services Utilization of Conservation Forest (*Pengelolaan Jasa Lingkungan Hutan Konservasi, PJLHK*);
- (iii) Directorate of Production Forest Management (*Kesatuan Pengelolaan Hutan Produksi, KPHP*).

100. There are four provincial technical implementation units (*Unit Pelaksana Teknis, UPT*):

- (i) Implementation Unit for Social Forestry and Environmental Partnerships Office (BPSKL)
- (ii) Implementation Unit for Production Forests Utilization (BPPHP);
- (iii) Implementation Unit for Forest Area Establishment (BPKH);
- (iv) Implementation Unit for Betung Kerihun National Park and Danau Sentarum National Park (BBTNBKDS).

101. There are five FMUs at field level. The project implementation supporting unit (PISU) will work at the different levels of implementation (national, provincial and district). The composition of the PISU is shown below.

Experts	Inputs (PM)
<b>Key Experts</b>	
<b>International</b>	
International REDD+ and SFM Specialist	10
International REDD+ Economics and Fiscal Policy Specialist	5
International REDD+ Monitoring, Reporting and Verification (MRV) Specialist	5
<b>Subtotal (International)</b>	<b>20</b>
<b>National</b>	
National REDD+ Specialist and Team Leader	60
National SFM (Agroforestry and Assisted Natural Regeneration) Specialist	30
National REDD+ Economics and Fiscal Policy Specialist	30
National REDD+ MRV Specialist	30
National REDD+ Safeguards Information System Specialist	30
<b>Subtotal (National)</b>	<b>180</b>
<b>Total Key Experts</b>	<b>200</b>

<b>Experts</b>	<b>Inputs (PM)</b>
<b>Non-Key Experts</b>	
National REDD+ Capacity Building Specialists (3 persons, 45 pm each)	135
National Land Use and Spatial Data Management Specialist	30
National Forest Fire Management Specialist	20
National FMU Business Development and Market Promotion Specialist	20
National Community Empowerment Specialist	30
National Monitoring and Evaluation Specialist	30
National Social Safeguards Specialists (2 persons, 30 pm each)	60
National Forest Conflict Management Specialist (2 persons, 20 pm each)	40
National Gender and Social Development Specialist (2 persons, 20 pm each)	40
National Environmental Safeguards Specialist	30
National Stakeholder Communication and Public Relations Specialist	30
National Procurement Specialists (2 persons, 20 months each)	40
National Financial Management and Administration Specialists (2 persons, 30 pm each)	60
National REDD+ Village Coordinators (2 persons, 60 pm each)	120
National REDD+ Village Facilitators (7 persons, 60 pm each)	420
National Project administration and accounting assistants (5 persons, 60 pm each)	300
<b>Total Non- Key Experts</b>	<b>1,405</b>
<b>TOTAL INPUTS</b>	<b>1,605</b>

102. With regard to EARF, the PISU–ESS, in collaboration with Safeguards Information System specialist, social safeguards specialist and other consultants, will:

- (i) Screen and categorize all future subprojects in accordance with the requirements of the government;
- (ii) Screen and categorize all future subprojects in accordance with ADB screening criteria, REA checklist(s), and this EARF;
- (iii) Ensure ADB's approval of the first two categorization exercises, and then if designated by ADB to do so, conduct subsequent categorizations. ADB will occasionally monitor the result of categorizations;
- (iv) Contract relevant teams to prepare the UKL or UPL or SPPL based on the categorization / screening result;
- (v) Ensure that the UKL or UPL or SPPL meet the requirements of the government;
- (vi) Ensure that the relevant environment authority at the provincial or district level approves the UKL or UPL or SPPL;
- (vii) Obtain any GOI environmental clearance document, where needed;
- (viii) Ensure that all the UKL or UPL or SPPL meet the ADB IEE requirements and standards and the requirements of this EARF;
- (ix) Ensure that the UKL or UPL or SPPL is disclosed to the public in an appropriate format;
- (x) Ensure that the first two UKL or UPLs are fully translated into English, for review by ADB. The approval of subsequent UKLs or UPLs on the same type of interventions may be delegated to the PCU–Project Director;
- (xi) The first two UKLs or UPLs or IEE for Bungan Jaya and Tanjung Sari have been developed;
- (xii) Prepare the first UKL or UPL of any subproject that has interventions beyond

- those approved in the first two UKLs or UPLs for ADB review and approval (including full translation into English). The approval of subsequent UKLs or UPLs on the same type of interventions may be delegated to the PCU–project director;
- (xiii) Ensure that all UKLs or UPLs (delegated to the PCU–project director for approval) have an adequate English executive summary (to facilitate ad hoc reviews by ADB);
  - (xiv) Include UKLs or UPLs or SPPLs into the bidding documents and work contracts;
  - (xv) Ensure that the contractors prepare EMP and monitoring plans before starting construction;
  - (xvi) Monitor the implementation of the environmental mitigation measures of the UKLs or UPLs or IEEs);
  - (xvii) Review, monitor, and evaluate the effectiveness of the environmental management and recommend corrective actions, as needed;
  - (xviii) Develop a tracking system to ensure a good overview of the status or progress of the environmental management of all subprojects (e.g., status of screening process, categorization, completed reports, approvals, implementation status, monitoring results, and corrective actions);
  - (xix) Prepare monthly and quarterly environmental monitoring reports, and submit them to the PCU;
  - (xx) Prepare and submit consolidated semi-annual environmental monitoring reports to the PCU;
  - (xxi) Contract an independent safeguard monitoring entity to verify monitoring results;
  - (xxii) Address, record, and report on the GRM in a timely manner;
  - (xxiii) Where noted, bring to the attention of the PCU any related capacity development issue that has to be implemented at the subproject level.

103. Other project partners (e.g., FMU) and the local BLH will assist in the implementation of environmental safeguards and in environmental monitoring within their area of operation.

## **B. Capacity to Implement IEE and UKL or UPL**

104. A key point in Indonesia’s impact assessment system is that the AMDAL document must be prepared by suitably trained and registered experts. In the case of AMDAL, the Team Leader and at least two of the team experts should be certified by LSK (Institution for Competence Certification), e.g., LSK–INTAKINDO (the Association of Indonesian Consultants). There is no specific certification required to prepare a UKL or UPL.

105. It is assumed that as is the case of other more remote provinces, West Kalimantan only has a limited number of sufficiently trained and experienced persons to conduct environmental assessment and a limited number of government personnel with the expertise to monitor the environmental management of projects and subprojects. To fill the environmental assessment capacity gap, it is common to hire some external consultants (e.g., often from Java) to do some of the environmental work.

106. The PISU will have an environment safeguard specialist (ESS) to assist with and advise on all matters related to environmental management from capacity building, environmental screening and categorization, report writing, implementation of the UKL or UPL, monitoring and auditing. PISU will also have two social safeguards specialists and a safeguards information system specialist. The ESS will train all relevant subproject staff and stakeholders on the EARF document and its requirements. Ultimately, the ESS is responsible for implementation of all EARF requirements. Annex 7 shows draft TORs for ESS.

## 1. Environmental Mitigation

107. The ESS will implement the UKL and any additional environmental safeguards through its contractors or developers. The ESS will develop the capacity of the field staff to implement and/or monitor the implementation of the UKL mitigation measures through formal workshops and on-the-job mentoring.

## 2. Environmental Monitoring

108. The PISU-ESS will implement the RPL. The ESS will be able to call upon the national and provincial forestry offices, local BLH, or local environmental consultants to assist with field monitoring. The frequency of specific monitoring (e.g., water quality monitoring for BOD, pH, total suspended solids, and ammonia) will be in accordance with the schedule outlined in the RPL. The ESS will develop the capacity of local staff to conduct subproject monitoring through formal workshops and on-the-job mentoring. The ESS will prepare a simple monitoring form to assist the implementation of field monitoring.

109. The ESS will compile all the environmental monitoring reports and submit for review and consolidation. The monitoring report will highlight any non-compliance. The PISU will integrate the consolidated environmental reports on all subprojects into its quarterly and semi-annual progress reports to the EA and to ADB.

## C. Capacity Development Needs

110. The ESS will provide technical guidance for the environmental planning and implementation of the subprojects. The ESS will need experienced and qualified field staff and government officers knowledgeable in environmental management to effectively meet the project's environmental requirements.

111. The ESS will implement capacity development program for environmental management:

- (i) Train general project staff on the environmental management and monitoring requirements of the subprojects, in accordance with this EARF and the UKL or UPL or IEE requirements through annual workshops;
- (ii) Intensively train field-level Project staff having environmental and social responsibilities on the EARF and the UKL or UPL or IEE requirements (workshops and on-the-job training including training on writing and reviewing UKL or UPL reports to fulfill the IEE requirements);
- (iii) Invite local government, FMU staff having environmental responsibilities to the general and intensive training workshops to enhance government capacity for environmental management and for managing the safeguard requirements of externally-funded projects;
- (iv) Provide specific training sessions to the supervising engineers, contractors to implement the UKL or UPL and to manage the environmental issues of subprojects;
- (v) Provide contractors with some explicit environmental management demonstrations, where needed (e.g., good erosion management techniques).

112. It is likely that the project will need to hire additional local environmental consultants to complete some of the work. Other relevant points include:

- (i) An AMDAL certificate is not required to write a UKL or UPL report;
- (ii) UKL or UPL reports are not formally approved through a technical commission and this can adversely affect the quality of reports;
- (iii) In spite of the above points, the UKL or UPL report must meet the ADB IEE standards;
- (iv) It can be argued that the personnel responsible for the UKL/UPL require a high level of capacity/expertise to complete the work.

113. For the above reasons, it is recommended that local staff (with different substantive capacity: e.g., forestry, agroforestry, water quality) are sent for AMDAL certificate training. This will help build local capacity to write more complex reports. Subsequently, the ESS will need to intensively train these same staff on the EARF and on the UKL or UPL or IEE report requirements.

#### D. Staff Requirements and Budget

114. The EA will hire an environmental safeguards specialist two social safeguards specialists and a safeguards information system specialist as part of PISU. The specialists will be accountable for implementing the EARF. The total budget for environmental management is estimated at Rp. 2.9 billion. The budget includes costs associated with environmental safeguards specialists, preparation of the UKL or UPL or SPPL documents, environmental permits, environmental monitoring (including field trips, auditing, and lab fees), development and implementation of environmental management plan (EMP) including costs for monitoring and mitigation during pre-construction, construction and operation phases, and training.

**Table 6. Estimated Budget for Environmental Management**

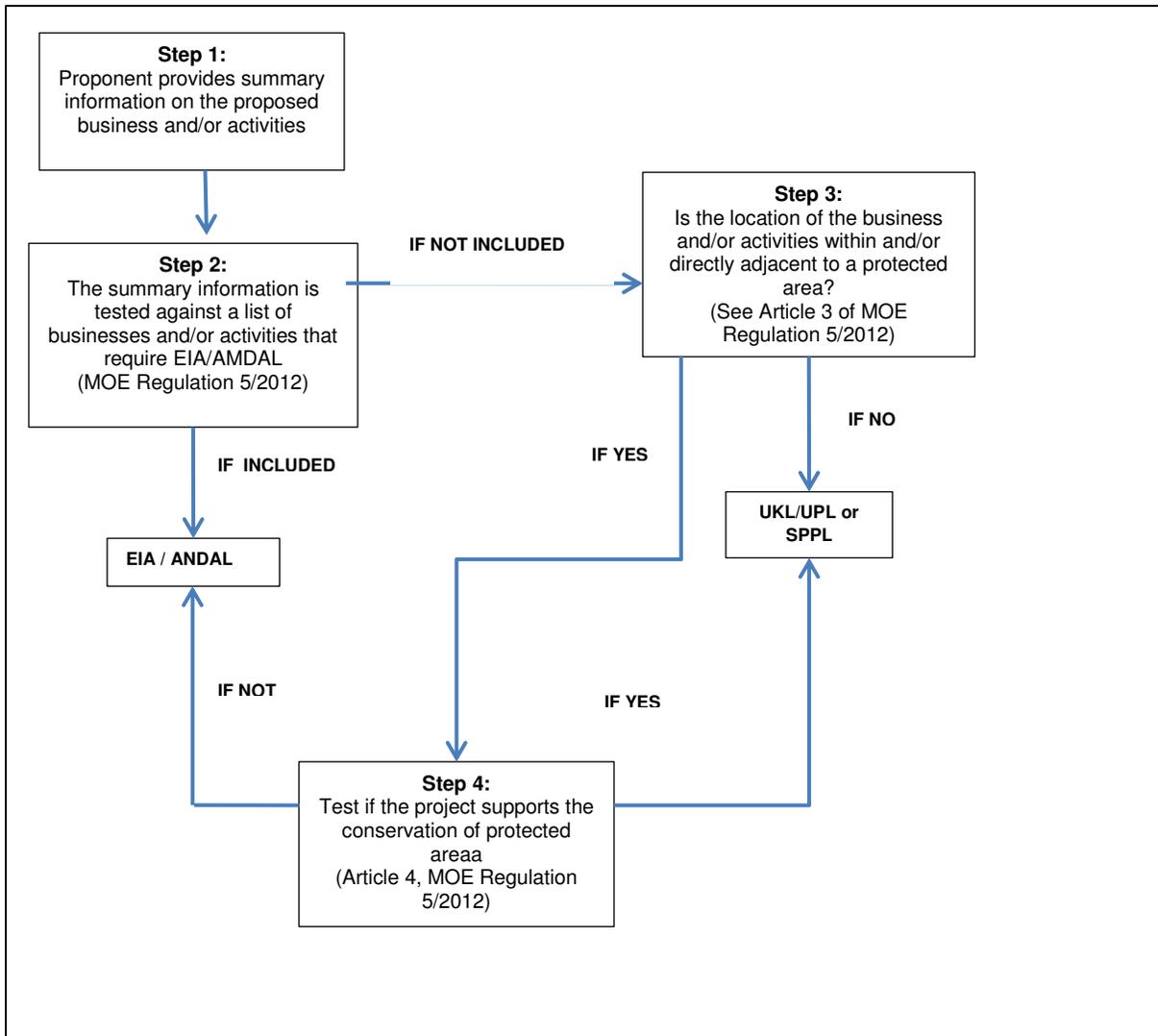
Item	Unit Costs	Total Amount (Rp)
1. National Environmental Safeguards Specialist	Rp. 18 million /month for 30 months	540,000,000
2. National Safeguards Information System Specialist	Rp. 18 million/ month for 30 months	540,000,000
3. UKL or UPL and/or SPPL preparation ( <i>and additions related to IEE requirements</i> )	Rp. 400 million per district x 2 districts	800,000,000
4. Budget for EMP, including monitoring and mitigation measures	Details to be elaborated during implementation	600,000,000
5. Training and Workshops on environmental management	For project staff and communities	200,000,000
6. Environmental Permit	Rp. 10 million per district x 2 districts	20,000,000
7. Water, soil, & air quality monitoring (tests)*	Rp. 50 million per monitoring (twice a year for 2 years)	200,000,000
<b>TOTAL (IDR)</b>		<b>2,900,000,000</b>

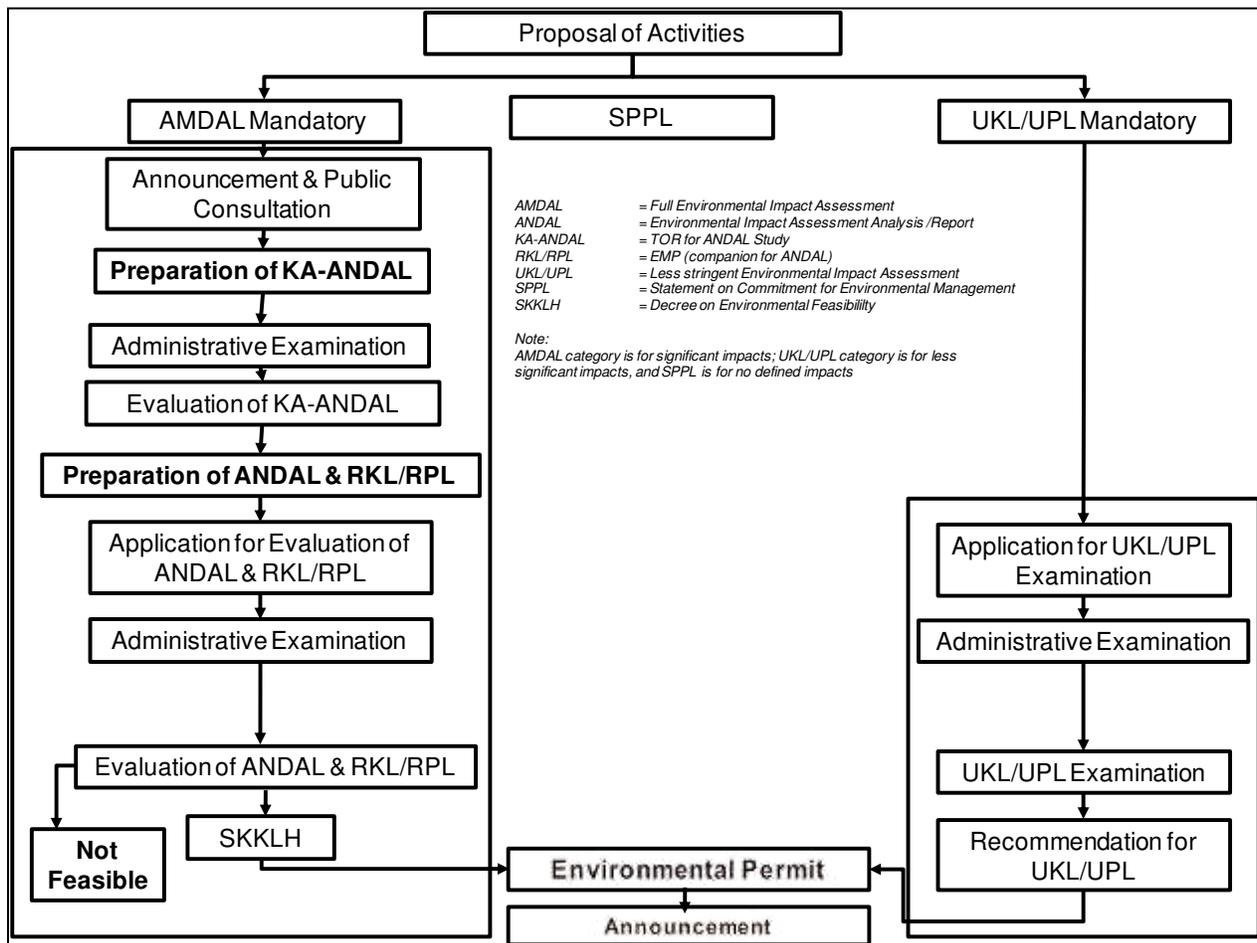
Notes:

\*Monitoring is funded for only two years by the project

Travel costs are included in operational cost. Environmental assessment cost in the budget includes activities 3, 6 and 7 in the table.

**Annex 1: Environment Screening Process**  
(based on Minister of the Environment Regulation No 5/2012)



Annex 2: Flowchart of Indonesian Environmental Clearance<sup>7</sup>

Source: ADB. 2015. EARF for Indonesia: Flood Management in Selected River Basins Sector Project. Prepared by Ministry of Public Works and Housing of the Republic of Indonesia (June 2015).

<sup>7</sup> AMDAL refers to the whole environmental impact assessment process, whereas ANDAL refers specifically to the environmental impact analysis. This ANDAL analysis is supported with a RKL/RPL (EMP) to manage and monitor impacts.

### Annex 3: ADB Prohibited Investment Activities List

The following do not qualify for the Asian Development Bank financing:

- (i) Production or activities involving harmful or exploitative forms of forced labor<sup>8</sup> or child labor;<sup>9</sup>
- (ii) Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase outs or bans, such as (a) pharmaceuticals,<sup>10</sup> pesticides, and herbicides,<sup>11</sup> (b) ozone-depleting substances,<sup>12</sup> (c) polychlorinated biphenyls<sup>13</sup> and other hazardous chemicals,<sup>14</sup> (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,<sup>15</sup> and (e) transboundary trade in waste or waste products;<sup>16</sup>
- (iii) Production of or trade in weapons and munitions, including paramilitary materials;
- (iv) Production of or trade in alcoholic beverages, excluding beer and wine;<sup>17</sup>
- (v) Production of or trade in tobacco;
- (vi) Gambling, casinos, and equivalent enterprises;
- (vii) Production of or trade in radioactive materials,<sup>18</sup> including nuclear reactors and components thereof;
- (viii) Production of, trade in, or use of unbonded asbestos fibers;<sup>19</sup>
- (ix) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- (x) Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

<sup>8</sup> Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

<sup>9</sup> Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" ([www.ilo.org](http://www.ilo.org)).

<sup>10</sup> A list of pharmaceutical products subject to phase outs or bans is available at <http://www.who.int>.

<sup>11</sup> A list of pesticides and herbicides subject to phase outs or bans is available at <http://www.pic.int>.

<sup>12</sup> A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phase-out dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

<sup>13</sup> A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

<sup>14</sup> A list of hazardous chemicals is available at <http://www.pic.int>.

<sup>15</sup> A list of fauna and flora is available at <http://www.cites.org>.

<sup>16</sup> The Basel Convention defines such wastes; see <http://www.basel.int>.

<sup>17</sup> This does not apply to project sponsors who are not substantially involved in these activities. *Not substantially involved* means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>18</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

<sup>19</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

GENERAL

**Annex 4A: REA General Checklist  
Rapid Environmental Assessment (REA) Checklist**

**Instructions:**

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (SDES), for endorsement by Director, SDES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures.

Country/Project Title: Sector Division: 

Screening Questions	Yes	No	Remarks
<b>A. Project Siting</b>			
Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Cultural heritage site			
▪ Legally protected Area (core zone or buffer zone)			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Special area for protecting biodiversity			
<b>B. Potential Environmental Impacts</b>			
<b>WILL THE PROJECT CAUSE...</b>			
▪ Impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources?			
▪ Disturbance to precious ecology (e.g. Sensitive or protected areas)?			
▪ Alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site?			
▪ Deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?			
▪ Increased air pollution due to project construction and operation?			
▪ Noise and vibration due to project construction or operation?			
▪ Involuntary resettlement of people? (physical displacement and/or economic displacement)			

Screening Questions	Yes	No	Remarks
▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ Poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STI's and HIV/AIDS) from workers to local populations?			
▪ Creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents?			
▪ Social conflicts if workers from other regions or countries are hired?			
▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
▪ Risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?			
▪ Community safety risks due to both accidental and natural causes, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			
▪ Generation of solid waste and/or hazardous waste?			
▪ Use of chemicals?			
▪ Generation of wastewater during construction or operation?			

### A Checklist for Preliminary Climate Risk Screening (General)

<b>Country/Project Title:</b>
<b>Sector:</b>
<b>Subsector:</b>
<b>Division/Department:</b>

	Screening Questions	Score	Remarks <sup>20</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc.)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

<sup>20</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

**Annex 4B: REA Checklist for Forestry**  
**Rapid Environmental Assessment (REA) Checklist**

**Instructions:**

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (SDES) for endorsement by Director, SDES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures.

Country/Project Title: Sector Division: 

Screening Questions	Yes	No	Remarks
<b>A. Project Siting</b>			
Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Cultural heritage site			
▪ Protected Area			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Buffer zone of protected area			
▪ Special area for protecting biodiversity			
<b>B. Potential Environmental Impacts</b>			
<b>WILL THE PROJECT CAUSE...</b>			
▪ Increase in soil erosion and siltation?			
▪ Increase in peak and flood flows?			
▪ Loss of downstream beneficial uses (water supply or fisheries)?			
▪ Impairment of ecological and recreational opportunities?			
▪ Impairment of beneficial uses of traditional forests?			
▪ Any loss of precious ecology?			
▪ Possible conflicts with established management policies?			
▪ Dislocation or involuntary resettlement of people?			

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> <li>▪ Loss of downstream ecological and economic functions due to any construction of social infrastructure (e.g., road, training or information center, office or housing)?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Displacement of people or reduce their access to forest resources?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Uncontrolled in-migration, including the influx of workers and their followers, with opening of roads to forest area and overloading of social infrastructure?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Unnecessary loss of ecological value and decreased biodiversity by replacement of natural forest with plantation with limited number of species?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Technology or land use modification that may change present social and economic activities?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Ecological problems as well as community health and safety hazards due to land clearance prior to reforestation (e.g., soil erosion, disruption of hydrological cycle, loss of nutrients, decline in soil fertility)?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Other ecological problems as well as community health and safety hazards (e.g., pollution of water bodies from fertilizers, pesticides, and herbicides used in the plantation)?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Dangers to a safe and healthy working environment due to physical, chemical and biological hazards during project construction and operation?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Social problems and conflicts related to land tenure and resource use rights?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Social conflicts if workers from other regions or countries are hired?</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Risks to community health and safety due to the transport, storage and/or disposal of materials such as explosives, fuel, pesticide and other chemicals during construction and operation?</li> </ul>			

### A Checklist for Preliminary Climate Risk Screening (Forestry)

**Country/Project Title:**  
**Sector :**  
**Subsector:**  
**Division/Department:**

Screening Questions		Score	Remarks <sup>21</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc.)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

<sup>21</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

## AGRO-INDUSTRIAL

### Annex 4C: REA Checklist for Agro Industrial Rapid Environmental Assessment (REA) Checklist

**Instructions:**

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (SDES) for endorsement by Director, SDES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures.

**Country/Project Title:**

**Sector Division:**

Screening Questions	Yes	No	Remarks
<b>A. Project Siting</b>			
Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Cultural heritage site			
▪ Protected Area			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Buffer zone of protected area			
▪ Special area for protecting biodiversity			
▪ Bay			
<b>B. Potential environmental impacts</b>			
<b>Will the project cause...</b>			
▪ Ecological disturbances arising from the establishment of a plant or facility complex in or near sensitive habitats?			
▪ Eventual degradation of water bodies due to discharge of wastes and other effluents from plant or facility complex?			
▪ Serious contamination of soil and groundwater?			
▪ Aggravation of solid waste problems in the area?			
▪ Public health risks from discharge of wastes and poor air quality; noise and foul odor from plant emissions?			
▪ Short-term construction impacts (e.g. soil erosion, deterioration of water and air quality, noise and vibration from construction equipment)?			
▪ Dislocation or involuntary resettlement of people?			

Screening Questions	Yes	No	Remarks
▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ Environmental degradation (e.g. erosion, soil and water contamination, loss of soil fertility, disruption of wildlife habitat) from intensification of agricultural land use to supply raw materials for plant operation; and modification of natural species diversity as a result of the transformation to monoculture practices?			
▪ Water pollution from discharge of liquid effluents?			
▪ Air pollution from all plant operations?			
▪ Gaseous and odor emissions to the atmosphere from processing operations?			
▪ Accidental release of potentially hazardous solvents, acidic and alkaline materials?			
▪ Uncontrolled in-migration with opening of roads to forest area and overloading of social infrastructure?			
▪ Occupational health hazards due to fugitive dust, materials handling, noise, or other process operations?			
▪ Disruption of transit patterns, creation of noise and congestion, and pedestrian hazards aggravated by heavy trucks?			
▪ Disease transmission from inadequate waste disposal?			
▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, and biological hazards during project construction and operation?			
▪ Large population increase during project construction and operation that cause increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ Social conflicts if workers from other regions or countries are hired?			
▪ Community health and safety risks due to the transport, storage, and use and/or disposal of materials likely to create physical, chemical and biological hazards during construction, operation and decommissioning?			

### A Checklist for Preliminary Climate Risk Screening (Agro-Industrial)

**Country/Project Title:**  
**Sector :**  
**Subsector:**  
**Division/Department:**

Screening Questions		Score	Remarks <sup>22</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc.)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

<sup>22</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.



Screening Questions	Yes	No	Remarks
<b>B. Project location</b>			
Is the dam and/or project facilities adjacent to or within any of the following areas?			
▪ Unregulated river			
▪ Undammed river tributaries below the proposed dam			
▪ Unique or aesthetically valuable land or water form			
▪ Special area for protecting biodiversity			
▪ Protected area			
▪ Buffer zone of protected area			
▪ Primary forest			
▪ Range of endangered or threatened animals			
▪ Area used by indigenous peoples			
▪ Cultural heritage site			
▪ Wetland			
▪ Mangrove			
▪ Estuary			
<b>C. Potential Environmental Impacts</b>			
Will the Project cause...			
▪ Short-term construction impacts such as soil erosion, deterioration of water and air quality, noise and vibration from construction equipment?			
▪ Disturbance of large areas due to material quarrying?			
▪ Disposal of large quantities of construction spoils?			
▪ Clearing of large forested area for ancillary facilities and access road?			
▪ Impounding of a long river stretch?			
▪ Dryness (less than 50% of dry season mean flow) over a long downstream river stretch?			
▪ Construction of permanent access road near or through forests?			
▪ Creation of barriers for migratory land animals			
▪ Loss of precious ecological values due to flooding of agricultural/forest areas, and wild lands and wildlife habitat; destruction of fish spawning/breeding and nursery grounds?			
▪ Deterioration of downstream water quality due to anoxic water from the reservoir and sediments due to soil erosion?			
▪ Significant diversion of water from one basin to another?			
▪ Alternating dry and wet downstream conditions due to peaking operation of powerhouse?			
▪ Significant modification of annual flood cycle affecting downstream ecosystem, people's sustenance and livelihoods?			
▪ Loss or destruction of unique or aesthetically valuable land or water forms?			
▪ Proliferation of aquatic weeds in reservoir and downstream impairing dam discharge, irrigation systems, navigation and fisheries, and increasing water loss through transpiration?			
▪ Scouring of river bed below dam?			
▪ Downstream erosion of recipient River in trans-basin diversion?			

Screening Questions	Yes	No	Remarks
▪ Increased flooding risk of recipient river in trans-basin diversion?			
▪ Decreased groundwater recharge of downstream areas?			
▪ Draining of downstream wetlands and riparian areas?			
▪ Decline or change in fisheries below the dam due to reduced peak flows and floods, submersion of river stretches and resultant destruction of fish breeding and nursery grounds, and water quality changes?			
▪ Loss of migratory fish species due to barrier imposed by the dam?			
▪ Formation of sediment deposits at reservoir entrance, creating backwater effect and flooding and waterlogging upstream?			
▪ Significant disruption of river sediment transport downstream due to trapping in reservoir?			
▪ Environmental risk due to potential toxicity of sediments trapped behind the dams?			
▪ Increased saltwater intrusion in estuary and low lands due to reduced river flows?			
▪ Significant induced seismicity due to large reservoir size and potential environmental hazard from catastrophic failure of the dam?			
▪ Cumulative effects due to its role as part of a cascade of dams/ reservoirs?			
▪ Depletion of dissolved oxygen by large quantities of decaying plant material, fish mortality due to reduced dissolved oxygen content in water, algal blooms causing successive and temporary eutrophication, growth and proliferation of aquatic weeds?			
▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ Creation of community slums following construction of the hydropower plant and its facilities?			
• Social conflicts if workers from other regions or countries are hired?			
▪ Uncontrolled human migration into the area, made possible by access roads and transmission lines?			
▪ Disproportionate impacts on the poor, women, children or other vulnerable groups?			
▪ Community health and safety risks due to the transport, storage, and use and/or disposal of materials likely to create physical, chemical and biological hazards?			
• Risks to community safety due to both accidental and natural hazards, especially where the structural elements or components of the project (e.g., dams) are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			

### A Checklist for Preliminary Climate Risk Screening (Hydropower)

<b>Country/Project Title:</b>
<b>Sector :</b>
<b>Subsector:</b>
<b>Division/Department:</b>

	Screening Questions	Score	Remarks <sup>23</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc.)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

<sup>23</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

**Annex 4E: REA Checklist for Fisheries**  
**Rapid Environmental Assessment (REA) Checklist**

**Instructions:**

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (SDES) for endorsement by Director, SDES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures.

Country/Project Title: Sector Division: 

Screening Questions	Yes	No	Remarks
<b>A. Project Siting</b>			
Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Cultural heritage site			
▪ Protected Area			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Buffer zone of protected area			
▪ Special area for protecting biodiversity			
<b>B. Potential Environmental Impacts</b>			
Will the Project cause...			
▪ over exploitation of fish stocks and long-term degradation of resource base?			
▪ capture of non-target species and habitat damage through use of destructive fishing methods and gears?			
▪ accidental damage to coral reefs by divers and fishing vessel anchors?			
▪ pollution from oil and fuel spills and bilge flushing?			
▪ ecological degradation resulting from clearing for conversion of coastal wetlands to fishponds?			
▪ social problems arising from conflicts with other site uses?			
▪ downstream water pollution from discharge of pond effluents with drain water?			

Screening Questions	Yes	No	Remarks
▪ reduction of water supplies for competing uses (e.g., irrigation or domestic)?			
▪ restriction of water circulation, obstruction to navigation by fish pens/cages, and reduction of stream capacity from siltation?			
▪ dislocation or involuntary resettlement of people?			
▪ disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ social problems due to land tenure and use conflicts?			
▪ soil erosion and siltation during construction?			
▪ noise and dust from construction?			
▪ risks and vulnerabilities related to occupational health and safety due to physical, chemical, and biological hazards during project construction and operation?			
▪ reduction of water available to downstream users during peak seasons?			
▪ pollution of nearby aquatic environments by pond drainage water and inadequate farm management?			
▪ depletion of local fish populations by stocking of wild fry/fingerlings in ponds?			
▪ spread of diseases and parasites from exotic cultured species or escape of pond fish to the wild?			
▪ large population influx during project construction and operation that cause increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ social conflicts if workers from other regions or countries are hired?			
▪ increased community health risks due to the increased incidence or introduction of waterborne or water-related diseases?			
▪ risks to community health and safety due to the transport, storage, and use and/or disposal of materials likely to create physical, chemical and biological hazards during construction and operation?			

### A Checklist for Preliminary Climate Risk Screening (Fisheries)

**Country/Project Title:**  
**Sector :**  
**Subsector:**  
**Division/Department:**

Screening Questions		Score	Remarks <sup>24</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc.)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

<sup>24</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

**Annex 5: Subproject Environmental Categorization Form**  
**ENVIRONMENTAL CATEGORIZATION**

**A. Instructions:**

**This form is to be completed by the Sector Division in the Operations Department and submitted to the Environment and Social Safeguard Division (SDES) for endorsement by SDES Director and for approval by the Chief Compliance Officer (CCO) of the Sustainable Development and Climate Change Department.**

**The environment categorization of a project is a continuing process. If there is a change in the components or/and site of a project that may result in category change, the Sector Division should submit a new environmental categorization form for endorsement by SDES Director and approval by the CCO. The old form should be attached for reference.**

**B. Project Data:**

Project No. \_\_\_\_\_

Country/Project Title: \_\_\_\_\_ Date: \_\_\_\_\_

Department/ Division: \_\_\_\_\_ Processing Stage: \_\_\_\_\_

Lending Modality:  Project Loan       Program Loan       Financial Intermediation  
 Sector Loan       SDP Loan       Loan or Equity Investment  
 JFPR

Coverage:       Country       Subregional       Inter-regional**C. Environment Category:**  New  Recategorization --- Previous Category B Category A Category B Category C Category FI

Additional information is needed for categorization and is to be gathered by the Mission Leader. In the interim, the project is classified as:

 Category A/B       Environmental Specialist to participate in fact finding Category B/C**Comments:**

**C. Documents attached:** *The categorization will be considered incomplete if proper documentation is not attached.*

**Basis for Categorization/ Recategorization:**

REA Checklist  
 Project and/or Site Description (must be attached)  
 Other: \_\_\_\_\_

**Terms of Reference for EIA/IEE:**

Key issues identified and attached  
 Under preparation and will be submitted on \_\_\_\_\_ (date)

**E. Basic Environmental Assessment Requirements**

*Please check one of category A, B, C or FI*

- Category A:**
  - Environmental Impact Assessment (EIA)
  - Environmental Management Plan including a Budget
  - Public Consultation (at least twice)
  - Disclosure 120 days in advance of Board Consideration
- Category B:**
  - Initial Environmental Examination (IEE)
  - Public Consultation
  - Check if the project is to be deemed environmentally sensitive (by CCO)**
    - Environmental Management Plan including a Budget
    - Disclosure 120 days in advance of Board Consideration
- Category C:**
  - Review of Environmental Implications
- Category FI:**
  - If Category FI, please check one of the following**
  - Equity Investment
    - Environmental Management System
  - Credit Lines
    - Environmental Management System - including Environmental Assessment and Review Procedures for Subprojects
  - Credit Lines where all subprojects will only have insignificant impacts
    - Review of Environmental Implications

*For program, sector, or sector development program loans, please check the applicable requirements*

**Program and Sector Development Program Loans**

- Environmental Assessment of Policy Matrix

**Sector Loans**

- IEEs of Sample Subprojects
- Environmental Assessment and Review Procedures
- Environmental Assessment of Sector Impacts (recommended)

**F. Signatures**

Category Assigned by:  
 \_\_\_\_\_  
 Mission Leader  
 Date: \_\_\_\_\_

Endorsed by:  
 \_\_\_\_\_  
 Director, SDES  
 Date: \_\_\_\_\_

Endorsed by:  
 \_\_\_\_\_  
 Director, SEER  
 Date: \_\_\_\_\_

Approved by:  
 \_\_\_\_\_  
 Chief Compliance Officer  
 Date: \_\_\_\_\_

## **Annex 6. Consolidated Table of Contents for the UKL or UPL or IEE**

The environmental assessment studies should comply with ADB SPS 2009 and be consistent with the government environmental requirements. The team of consultants may include experts in biodiversity, sociology, community health, and environment, depending on location and/or type of subproject.

### **Table of Content**

#### **List of Tables** (at least these 3):

Table 1: Environmental Impacts;  
Table 2: Environmental Mitigation Plan;  
Table 3: Environmental Monitoring Plan.

#### **List of Figures** (at least these 3):

Figure 1: Map of study location in context of surrounding area;  
Figure 2: Map of Environmental Impacts;  
Figure 3: Land to be acquired

**A. Executive Summary.** This section describes concisely the critical facts, significant findings, and recommended actions.

**B. Introduction.** This section will include the purpose of the report, extent of the UKL or UPL or IEE study, and brief description of any special techniques or methods used.

**C. Policy, Legal and Administrative Framework.** This section should discuss the national and local requirements and the institutional framework applicable to the subproject within which the environmental assessment is carried out. Describe the environmental requirements of the financing institution (ADB) and the applicable international environmental agreements to which Indonesia is a party. This section should also provide the applicable environmental standards to be complied with.

**D. Description of the Project.** This section will include a description of the proponent (name and address of the company / proponent). This section will include the type of and need for the project; and the name of the activity, the project location, scale of the activity, size or magnitude, operation, and proposed schedule for implementation. It will also highlight the amount of materials & water needed, and waste produced; and the amount of land acquisition and earthworks. It will provide Figure 3, land to be acquired, if relevant.

**E. Description of the Environment.** This section will include the physical and ecological resources, human and economic development, and quality of life values. This baseline can also describe to the extent that it is relevant to the subproject: biodiversity, climate change issues, indigenous peoples, and local health issues. This section will provide at minimum Figure 1 - a map of the study location in context of surrounding area.

**F. Forecasting Environmental Impacts and Mitigation Measures (the Environmental Monitoring Plan).** This section will identify "no significant impacts" from those with significant adverse impacts and will discuss the appropriate mitigation measures, where necessary. This section will also explain briefly and clearly:

- (i) Activities which will become the source of impacts to the environment;
- (ii) Type of environmental impacts which will occur;
- (iii) Units to describe the scale of impacts;
- (iv) Other issues to explain the environmental impacts that will occur; and
- (v) Summarize impacts in the form of a table.

This section will include: Figure 2 (Map of Environmental Impacts); Table 1 (Environmental Impacts), and Table 2 (Environmental Mitigation) in a format acceptable to the local environment office.

**G. Institutional Requirements and Environmental Monitoring Plan.** This section will describe the impacts to be mitigated, and activities to implement the mitigation measures, including how, when, and where they will be implemented (i.e., the implementation arrangements). The environmental monitoring plan will describe the impacts to be monitored, and when and where monitoring activities will be carried out, and who will carry them out. It will address any capacity development requirements. This section will include monitoring indicators and the budget to implement monitoring. It will provide Table 3: Environmental Monitoring Plan in a format acceptable to the local environment office.

**H. Public Consultation and Disclosure.** This section will describe the process undertaken to involve the public in the subproject design and recommended measures for continuing public participation; summarize major comments received from beneficiaries, local officials, community leaders, non-governmental organizations (NGOs), and others, and describe how comments were addressed; list milestones in public involvement such as dates, attendance, and topics of public meetings; list recipients of this document and other project related documents; describe compliance with relevant regulatory requirements for public participation; and summarize other related materials or activities, such as press releases and notifications. This section will provide a summary of information disclosed to date and procedures for future disclosure.

This section will highlight what permits will be needed for the subproject and when Government has/will be announcing the requests for and the issuance of environmental permits via its government web site or local newspaper.

This section will highlight that the UKL or UPL (in English and local language) will be publicly accessible through ADB and government websites.

**I. Grievance Redress Mechanism (GRM).** This section describes the grievance redress framework, setting out the time frame and mechanisms to resolve complaints about environmental performance.

**J. Findings, Conclusions, and Recommendations.** This section will include an evaluation of the screening process, and recommendation will be provided whether significant environmental impacts exists needing further detailed study or EIA. If there is no need for further study, the UKL or UPL or IEE is considered complete.

**Appendixes: (at minimum):**

Appendix 1: Map of environmental condition

Appendix 2: Design drawings

Appendix 3: Photos of study area and site

Appendix 4: Agreement Approval Letter from BLH or BLHD

Appendix 5: Statement of Assurance for UKL or UPL Implementation

## Appendix 6: Proponent's Signature over Legal Stamp

**Original Outline of Table of Contents for the UKL/UPL**<sup>25</sup>**TABLE OF CONTENT**

LIST OF TABLES (at least these 3): Table 1: Environmental Impacts; Table 2: Environmental Mitigation Plan; Table 3: Environmental Monitoring Plan.

LIST OF FIGURES (at least these 3):

Figure 1: Map of study location in context of surrounding area;

Figure 2: Map of Environmental Impacts;

Figure 3: Land to be acquired

LIST OF APPENDICES (at least 3):

Appendix 1: Map of environmental condition;

Appendix 2: Design drawings;

Appendix 3: Photos of study area and site.

AGREEMENT APPROVAL LETTER FROM BLH/BLHD

STATEMENT OF ASSURANCE FOR UKL/UPL IMPLEMENTATION

**BODY OF THE REPORT****I. THE PROPONENT**

- i. Name of the company;
- ii. Name of the proponent;
- iii. Address of the proponent.

**II. PLAN OF ACTIVITY:**

- i. Name of the activity;
- ii. Location of the activity;
- iii. The scale of activity;
- iv. Size of activity plan component.

**III. ENVIRONMENTAL IMPACTS IDENTIFIED: Explain briefly and clearly:**

- i. Activities which will become the source of impacts to the environment;
- ii. Type of environmental impacts which will occur;
- iii. Units to describe the scale of impacts; and
- iv. Other issues to explain the environmental impacts that will occur.
- v. Summary of impacts in the form of the following table:

<b>SOURCE OF IMPACT</b>	<b>TYPE OF IMPACT</b>	<b>SCALE OF IMPACT</b>	<b>REMARKS</b>
(List the activity which will cause impact to the environment)	(List the impacts that are likely to occur)	(List the units which can describe the scale of impacts)	(List other information to explain the environmental impacts which will occur)

**IV. ENVIRONMENTAL MANAGEMENT AND MONITORING PROGRAM****V. SIGNATURE****APPENDIXES**

<sup>25</sup> This Table of Contents is based on Permen LH No. 16/2012.

### **Original Outline of an IEE Report**

- A. Executive Summary:** This section describes concisely the critical facts, significant findings, and recommended actions.
- B. Introduction:** This section will include the purpose of the report, extent of the IEE study and brief description of any special techniques or methods used.
- C. Description of the Project:** This section will include the type of and need for the project; and project location, size or magnitude, operation, and proposed schedule for implementation.
- D. Description of the Environment:** This section will include the physical and ecological resources, human and economic development, and quality of life values.
- E. Forecasting Environmental Impacts and Mitigation Measures:** This section will identify "no significant impacts" from those with significant adverse impacts and will discuss the appropriate mitigation measures, where necessary.
- F. Institutional Requirements and Environmental Monitoring Plan:** This section will describe the impacts to be mitigated, and activities to implement the mitigation measures, including how, when, and where they will be implemented. The environmental monitoring plan will describe the impacts to be monitored, and when and where monitoring activities will be carried out, and who will carry them out.
- G. Public Consultation and Disclosure:** This section will describe the process undertaken to involve the public in project design and recommended measures for continuing public participation; summarize major comments received from beneficiaries, local officials, community leaders, NGOs, and others, and describe how these comments were addressed; list milestones in public involvement such as dates, attendance, and topics of public meetings; list recipients of this document and other project related documents; describe compliance with relevant regulatory requirements for public participation; and summarize other related materials or activities, such as press releases and notifications. This section will provide of summary of information disclosed to date and procedures for future disclosure.
- H. Grievance Redress Mechanism (GRM):** This section describes the grievance redress framework, setting out the time frame and mechanisms to resolve complaints about environmental performance.
- I. Findings, Conclusions, and Recommendations:** This section will include an evaluation of the screening process, and recommendation will be provided whether significant environmental impacts exists needing further detailed study or EIA. If there is no need for further study, the IEE itself, which at times may need to be supplemented by a special study in view of some small significant impacts, becomes the completed EIA for the project and no follow-up EIA will be needed

If further study is needed, then this section will include a brief terms of reference (TOR) for the needed follow-up EIA, including approximate descriptions of work tasks, professional skills required, time required, and estimated costs. ADB's environment guidelines provide a guide for preparing the TOR for different projects. This section will discuss the result of the IEE and justification if any of the need for additional study or EIA. If an IEE or an IEE supplemented by a special study is sufficient for the project, then the IEE with the recommended institutional requirements and monitoring program become the completed EIA.

## **Annex 7: Terms of Reference for the Environmental Safeguards Specialist**

The environmental safeguard specialist will have a master's degree or higher in the areas of environmental management/science, natural resource management, climate change, or a related area, and will have more than 5 years of experience in environmental assessment. He/she must have at least two years of experience in REDD+ environmental safeguards. Experience in preparing Initial Environmental Examinations and Environmental Monitoring Plans is required. The environmental assessment experience should cover some of the following sectors: forestry, agroforestry, climate change, fisheries, and infrastructure (e.g., roads, small-scale energy infrastructure, renewable energy, and small scale water systems). Experience with monitoring and project evaluation will be an advantage. S/he should be accredited by government as an environmental assessment consultant and should be fluent in English and Bahasa Indonesia. Familiarity with ADB environmental safeguards system is preferred.

Specific tasks include the following:

- Coordinate environmental safeguards related activities and ensure that EARF guidelines are applied in project activities;
- Prepare environmental management plans and review rapid environmental assessment (REA) of activities;
- Prepare initial environmental examinations (IEEs) for activities that are determined as category B for environment, as per ADB's SPS 2009;
- Provide technical guidance and strengthen capacity of staff at district and FMU levels in all aspects of environmental management;
- Consolidate progress and monitoring report on the environmental safeguards;
- Work closely with CSO working on environmental issues.
- Responsible to effectively and efficiently carry out the environmental management obligations of the project;
- Assist with screening and categorizing subprojects based on GOI regulation;
- Assist with screening subprojects based on ADB SPS 2009, completing or reviewing REA checklists, and categorizing subprojects based on ADB requirements;
- Guide preparation of UKL and UPLs and SPPLs of project activities and prepare strategy to effectively submit environmental assessment documents and environment permits (if necessary) to the concerned government offices and the ADB;
- Ensure that the UKLs or UPLs comply with government requirements, ADB's IEE requirements for category B projects, and the requirements of EARF;
- Develop or support the development of two high quality UKLs or UPLs and two SPPLs, to serve as good examples for the other subproject interventions/activities, and ensure that the first two UKLs or UPLs are translated into English for review by ADB;
- Prepare and fully translate for ADB review and approval the first UKL or UPL of subprojects with interventions that go beyond what was approved in the first two UKLs/UPLs;
- Ensure that all the other UKLs or UPLs have an adequate English executive summary to facilitate ad hoc reviews by ADB;
- Develop a strategy to effectively submit the environmental assessment documents to the concerned government staff and to obtain any necessary environmental permit;

- Develop a tracking system to ensure a good overview of the status / progress of all subprojects in terms of screening, category, completed reports, approval, implementation status, and monitoring efforts;
- Assist with supervising/ monitoring the implementation of all UKLs or UPLs;
- Report on the Project's environmental progress and environmental monitoring result in a timely manner;
- Provide technical guidance, capacity building, support, and advice to the PISU and local governments in all aspects of the project's environmental management;
- Review available background information regarding the project;
- Collect relevant additional information to keep up to date on any potential environmental issues relevant to the proposed interventions in each subproject area.

## Annex 8: Environmental Screening and Categorization of Subprojects

I. SUBPROJECT INFORMATION		
Subproject Title:		
Location:		
Physical Target:		
General Specifications:		
II. PARAMETERS FOR RAPID ENVIRONMENTAL ASSESSMENT (REA) <ul style="list-style-type: none"> <li>• <i>Bold font in italics were derived from ADB REA checklist</i></li> </ul> Answers for the question being asked may either be “Yes”, “No”, or “N/A”. “N/A” means not applicable for the sub-project. Under the Remarks column, environmentally sensitive or critical area is specified, indicating if the subproject is only adjacent to, or if it is within the area.		
SCREENING QUESTIONS	ANSWER (YES, NO, OR N/A)	REMARKS
A. Sub-Project Siting		
Is the subproject area adjacent to or within any of the following environmentally sensitive areas (by ADB*) or critical areas?		
a. All areas declared by law as national parks, watershed reserves, wildlife preserves and sanctuaries. <i>(protected area, buffer zone of protected area, special area for protecting biodiversity)*</i>		
b. Areas set aside as aesthetic potential tourist spots; areas reserved by appropriate authorities for tourism development.		
c. Areas which constitute the habitat for endangered or threatened species of indigenous Indonesian Wildlife (flora and fauna).		
d. Areas of unique historic, archaeological, or scientific interests; includes national historical landmarks, geological monuments, and paleontological and anthropological reservations as may be designated or determined by relevant governmental institutions.		
e. Areas which are traditionally occupied by customary communities or tribes;		
• Ancestral lands of customary communities		
• All areas that are occupied or claimed as ancestral lands or ancestral domains by <i>Masyarakat hukum adat</i> (MHA) communities, or certified as such.		
f. Areas frequently visited and/or hard-hit by natural calamities (geologic hazards, floods, typhoons, volcanic activity, etc.);		
• Areas frequently visited or hard hit by earthquakes: all areas subjected to earthquakes of at least intensity VII in the Rossi-Forel scale during the period 1949 until the year of reckoning orl areas identified as such by the Indonesian relevant agency such as Meteorology and Geophysics Agency ( <i>Badan Meteorologi dan Geofisika / BMG</i> )		
• Flood-prone areas: low-lying areas usually adjacent to large active water bodies experiencing regular or seasonal inundation as a result of changes in mean water level of these water bodies.		
• Areas prone to volcanic activities: all areas identified as such by the center for volcanology and geological hazard mitigation ( <i>Pusat Vulkanologi dan Mitigasi Bencana Geologi</i> )		
• Areas located along fault lines or within fault zones: This refers to all areas identified as such by the center for volcanology and geological hazard mitigation		
• Drought-prone areas: all areas identified as such by the relevant Indonesian agency		
g. Areas with critical slopes; all lands with slope of 50% or more not classified in this listing as environmentally critical; also cover alienable and disposable forest lands and unclassified forests.		
h. Areas classified as prime agricultural lands; all irrigated and irrigable areas and other areas:		
i. Recharge areas of aquifers; sources of water replenishment where rainwater or seepage actually enters the aquifers: Areas under this classification shall be limited to all local or non-national watersheds and geothermal reservations.		

j. Water bodies characterized by one or any combination of the following conditions:		
1) Tapped for domestic purposes		
2) Within the controlled and/or protected areas declared by appropriate authorities		
3) Which support wildlife and fisher activities ( <i>wetland, estuarine</i> )*		
k. Mangrove areas characterized by one or any combination of the following conditions:		
1) with primary pristine and dense young growth;		
2) adjoining mouth of major river systems;		
3) near or adjacent to traditional productive fry or fishing grounds;		
4) which act as natural buffers against shore erosion, strong winds and storm floods;		
5) on which people are dependent for their livelihood.		
Areas declared as mangrove swamp forest reserves by the relevant Indonesian entity.		
Is the sub-project siting consistent with the protected area zoning?		
Is the sub-project siting consistent with land use zoning of the area?		
B. Potential Environmental Impacts: Will the project likely cause...		
Physical Environment		
Land		
1. Destabilization of slopes due to earthworks at the construction site?		
2. Erosion of river banks due to clearing/excavation operations?		
3. Soil erosion before compaction and lining of canals?		
4. Leaching of soil nutrients and changes in soil characteristics due to excessive application of irrigation water?		
5. Soil salinization due to insufficient drainage?		
Hydrology		
6. Redistribution of river flow or decrease in water flow rate downstream?		
7. Reduction of downstream water supply during peak seasons?		
8. Soil erosion and siltation leading to decreased stream capacity?		
9. Water logging along completed section of the irrigation canal as observed after heavy rains?		
10. Obstruction of water flow due to aggregation of garbage at check gates/control gates		
Water Quality		
11. Deterioration of surface water quality due to the following:		
a. Increased sediment run-off from the construction site?		
b. Improper disposal of sanitary and solid wastes from workers' base camps?		
c. Contamination from oil, grease and fuel spills?		
d. Excessive application of fertilizers and pesticides leading to discharge of agro-chemical contaminated waters from the service area?		
e. Salinization due to over pumping of groundwater, insufficient drainage?		
12. Will the project and/or its component infiltrate in community water source?		
Air Quality		
13. Deterioration of air quality due to the following impacts arising from heavy equipment operations and other construction works:		
a. Dust suspension?		
b. Obnoxious gas & particulate emissions?		
c. Noise generation?		
Biological Environment		
14. Tree cutting or vegetation clearing?		
15. Dislocation, disruption or other disturbance to terrestrial wildlife?		
16. Impediments to movements of animals?		
17. Loss of precious ecological values (e.g. result of encroachment into forests/swamplands or historical/cultural buildings/areas, disruption of hydrology of natural waterways, regional flooding, and drainage hazards)?		
18. Localized damage and/or disturbance to ecologically significant/economically important flora and fauna in forest areas/other critical habitats or agricultural crops?		

19. Smothering or other adverse effects on aquatic species?			
20. Will the project make use of non-native, invasive and/or alien species?			
21. Will the project involve harvesting of major and/or minor forest products?			
22. Will there be modification of habitats such as change of forest/ crop species?			
23. Is the project area vulnerable to wild fire?			
<b>Social Environment</b>			
24. Disfiguration of landscape in historical/cultural areas?			
25. Dislocation or involuntary resettlement of people along the right-of-way?			
26. Loss of private land rights/ownership/property of the right-of-way of the project?			
27. Encroachment of informal dwellers along the irrigation canals/dikes?			
28. Increase in cropping intensity or cropping area?			
29. Loss of income from crop damage along the right-of-way?			
30. Exposure of workers to emergency or hazards of flashfloods?			
31. Obstruction of public access through the construction area, delaying people movement and transport of farm products?			
32. Generation of solid waste and sanitary waste in construction camps and work sites?			
33. Increased health risk from the increase in the population of rodents, insects or other vectors of disease during construction?			
34. Increase in incidence of waterborne or water related diseases?			
35. Non-participation of customary communities in sub-project planning to implementation?			
36. Gender issues (non-participation of women and other marginalized sectors in sub-project planning to implementation)			
<b>III. Key Issues Identified</b>			
1.			
2.			
3.			
<i>Per item 137 ADB EA Guidelines, 2003, environmentally sensitive issues include the following:</i> Destructive to tropical forest, conversion of wetlands, potential adverse effects of protected areas, encroachment on lands or rights of IPs or other vulnerable minorities, involuntary resettlement, toxic waste disposal.			
<b>IV. MOEF CATEGORIZATION (check appropriate box to determine requirement)</b>			
Category A <input type="checkbox"/>	Category B <input type="checkbox"/>	Category C* <input type="checkbox"/>	Category D <input type="checkbox"/>
Remarks:			
<b>V. RECOMMENDED ADB ENVIRONMENTAL CATEGORY (check appropriate box to determine requirement)</b>			
A <input type="checkbox"/>	B <input type="checkbox"/>	C <input type="checkbox"/>	see requirements below
Remarks: No environmentally sensitive issue apart from key issues raised during screening process. All key issues are mitigatable at the local community level and during sub-project design or thru the sub-projects operation and maintenance.			
<b>BASIC ENVIRONMENTAL ASSESSMENT REQUIREMENTS</b>			
<b>Category A</b> <ul style="list-style-type: none"> <li>• Environmental Impact Assessment (EIA)</li> <li>• Environmental Management Plan including a Budget</li> <li>• Public Consultation (at least twice)</li> <li>• Disclosure 120 days in advance of Board Consideration (ADB only)</li> </ul>			
<b>Category B</b> <ul style="list-style-type: none"> <li>• Initial Environmental Examination (IEE) [for ADB/DMC, or IEE or EIS (for DMC)]</li> <li>• Public Consultation (or if EIS for DMC) <ul style="list-style-type: none"> <li>• [ ] check if the project is to be deemed environmentally sensitive</li> </ul> </li> <li>• Environmental Management Plan including a Budget</li> <li>• Disclosure 120 days in advance of Board Consideration (ADB only)</li> </ul>			
<b>Category C (for ADB) or Category C/D (for DMC)</b> <ul style="list-style-type: none"> <li>• Review of Environmental Implications (Note: No requirement for DMC for Category D projects; Project Description and acquisition of Certificate of Non-Coverage for Category C projects)</li> </ul>			

**Table A-1: Subproject Limits to the project requiring AMDAL**

<b>Type of businesses/activities required to conduct an Environmental Impact Analysis (AMDAL)</b>				
<b>General activities which require AMDAL analysis</b>	<b>Detailed criteria requiring AMDAL analysis</b>		<b>Potential project activities to assess*</b>	<b>Location in Ministerial Regulation (MOE) No. 05/2012<sup>26</sup></b>
Earth-moving activities	> 500.000 m <sup>3</sup> of earth moved		Agroforestry	Page 2
Utilization of water from lakes, rivers, springs, or other surface water sources	> 250 l / sec		Fish cultivation, ecotourism, micro-hydropower	Page 2
Extraction of groundwater	≥ 50 liters / sec (from one or more wells in the region <10 ha)		fish cultivation, ecotourism, micro-hydropower	Page 2
Construction of buildings	Building size: >10.000 m <sup>2</sup> or Land Area: > 5 ha		Ecotourism	Page 3
Development of plantation area (with or without processing unit)	Seasonal: > 2.000 ha Annually: > 3.000 ha		Agroforestry and rubber plantation	Page 5
Wood product utilization from natural forests	Any kind of activities		Handicraft	Page 7
Construction of dam / reservoir or other water bin type	> 15 m of height		Micro-hydropower, fish cultivation	Page 19
Construction of flood channels or river normalization	Large City / Metropolitan Area	> 5 km; or > 500.000 m <sup>3</sup>	Micro-hydropower	Page 21
	Medium-size City	> 10 km; or > 500.000 m <sup>3</sup>		
	Rural Area	> 15 km; or > 500.000 m <sup>3</sup>		
Construction of drainage channels in settlements (primary and / or secondary)	Large City / Metropolitan Area: ≥ 5 km Medium-sized City: ≥ 10 km		Ecotourism (construction of small facilities), agroforestry, plantation or nursery	page 25
Construction of water transmission network	≥ 10 km		Micro-hydropower, fish cultivation	Page 25
Development of power transmission networks	> 150 kV		Micro-hydropower, solar panels	Page 31
Construction of power plants	≥ 10 MW (at one location)		Micro-hydropower, solar panels	Page 32
Development of recreational parks	> 100 ha		Ecotourism	Page 34
Waste management of hazardous and toxic materials - biological waste treatment (composting, land farming)	Any kind of activities		Agroforestry, ecotourism	Page 41

\*This project will not accept any activity that will require an AMDAL. The activities mentioned in this column should be assessed to ensure they do not require AMDAL according to the thresholds mentioned in this table.

<sup>26</sup> Regarding type of businesses/activities required to conduct an environmental impact analysis (AMDAL)

# Initial Environmental Examination

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Document Status: Draft for FIP Subcommittee Review  
Project Number: 47084-002  
June 2016

**Republic of Indonesia: Community-Focused Investments  
to Address Deforestation and Forest Degradation Project**  
(Subprojects: Bungan Jaya in Kapuas Hulu District and Tanjung Sari in Sintang District, West  
Kalimantan Province)

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## CURRENCY EQUIVALENTS

(as of 25 June 2016)

Currency unit	–	rupiah (Rp)
RP1.00	=	\$0.000074
\$1.00	=	Rp13,415

## ABBREVIATIONS

ADB	–	Asian Development Bank
AMDAL	–	Analisis Mengenai Dampak Lingkungan (environmental impact analysis)
EARF	–	environmental assessment review framework
EMP	–	environment management plan
EMMP	–	environmental management and monitoring plan
FIP	–	Forest Investment Program
FMU	–	Kesatuan Pengelolaan Hutan (forest management units)
GOI	–	Government of Indonesia
GRM	–	grievance redress mechanism
IEE	–	initial environmental examination
MOEF	–	Ministry of Environment and Forestry
PISU	–	project implementation support unit
REA	–	rapid environmental assessment
REDD+	–	reduced emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon stock improvement (+ refers to the last three phrases)
RKL	–	Rencana Pengelolaan Lingkungan (environmental management plan)
RPL	–	Rencana Pemantauan Lingkungan (environmental monitoring plan)
SNI	–	Indonesia National Standard
SPPL	–	Surat Pernyataan Pengelolaan Lingkungan (environmental management statement letter)
SPS	–	Safeguard Policy Statement
UKL	–	Upaya Pengelolaan Lingkungan (environmental management effort)
UPL	–	Upaya Pemantauan Lingkungan Hidup (environmental monitoring effort)

## MEASUREMENT UNITS

g	=	gram
Ha	=	hectare
Kg	=	kilogram
M	=	meter
m <sup>3</sup>	=	cubic meter
Mu	=	Chinese area unit
T	=	ton
kg/ha	=	kilogram per hectare
m <sup>3</sup> /a	=	cubic meters per annum
mg/l	=	milligram per liter
mg/m <sup>3</sup>	=	milligram per cubic meter
ppm	=	part per million
t/a	=	tons per annum

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## EXECUTIVE SUMMARY

1. The activities of the Forest Investment Program (FIP) are focused in 13 villages in Kapuas Hulu and 4 villages in Sintang districts in West Kalimantan province. The Bungan Jaya Village in Kapuas Hulu village in Kapuas Hulu district and Tanjung Sari village in Sintang district are parts of the FIP subproject. FIP program has two groups of economic activities, namely:

- (i) Land based cultivation with commercial tree species; and
- (ii) Non-land based collaborative economic activities

2. Two different land based cultivation models for commercial tree species are designed as reduced emissions from deforestation and forest degradation (REDD+) demonstration activities. For Bungan Jaya, these include land-based activities such as 60 ha of project restoration, 50 ha of rubber (*Hevea sp.*), 5 ha of *gaharu* agroforestry, and non-land based activities such as: handicraft, tourism, road rehabilitation and drinking water facilities. For Tanjung Sari, land-based activities such as 110 ha of rubber (*Hevea spp.*) coffee agroforestry, 20 ha of *gaharu*-coffee agroforestry and non-land based activities such as handicraft, freshwater aqua culture, beeking, road rehabilitation and drinking water facilities.

3. These activities are expected to provide environmental and social benefits to local population, such as: (i) enhancement of carbon stocks; (ii) reduction of carbon emissions, (iii) improvement of livelihood of local communities; (iv) clarification of land use rights by local communities; and (v) conservation of biodiversity and ecosystem services.

4. Public consultations were undertaken in Bungan Jaya village and Tanjung Sari village in early April 2015. A grievance redress mechanism (GRM) is designed for people seeking satisfactory resolution of their complaints regarding the environmental performance of the project. The mechanism will ensure that (i) the basic rights and interests of affected people are protected; and (ii) their concerns during the phases of design, construction and operation activities are effectively and timely addressed.

5. The initial environment examination (IEE) indicates that there are no significant negative environmental impacts anticipated with the implementation of activities in the two villages. The screening processes through forestry rapid environmental assessment (REA) checklist and climate risk REA checklist was designed to identify any potential negative impact. Standard operating procedures will be put in place to mitigate any potential environmental impact. The environmental impacts of low magnitude had been identified, including ecological upgrading or rehabilitation tasks. Based on the impact assessment of subproject activities in Bungan Jaya and Tanjung Sari during preconstruction, construction, and operation, the environmental mitigation and monitoring will be carried out by the project implementation supporting unit (PISU) and reported to ADB and Government of Indonesia (GOI) every semester from preconstruction up to operation phase.



## I. INTRODUCTION

1. ADB through FIP<sup>1</sup> of the Climate Investment Funds will support GOI in implementing the “Community-Focused Investments to Address Deforestation and Forest Degradation” project. The \$17 million grant project is to implement REDD+ activities in West Kalimantan and support mechanisms for REDD+ processes at different levels (local, provincial and national).

2. The objective of the subproject in Bungan Jaya and Tanjung Sari villages is to transform behavior, policies, institutions, and technologies by focusing on activities to: (i) clarify forest land use by local population, (ii) prevent illegal logging and associated trade, (iii) suppress forest fires, (iv) support the forest management units (FMU) through community-based forest management, (v) support the implementation of the sub-national REDD+ strategy and action plan (including market-based REDD+ strategies), and (vi) support to improve national policy development that better values and conservation of natural resources.

3. A REA checklist was completed for the two villages (Annex 1 and 2). Based on the REA, the scale and locations of the proposed works have been classified as category B according to ADB’s SPS 2009, and hence it requires an initial environmental examination or environment management plan (IEE or EMP). The project is expected to have predominantly positive impacts however some activities may have site-specific or localized adverse environmental impacts.<sup>2</sup>

4. This ADB category B project and its subprojects will, in general, require an environmental management or environmental monitoring effort (UKL or UPL). An assessment of the environmental regulation of Indonesia showed it fulfills ADB’s SPS 2009, IEE content requirement, and the requirements of the environmental assessment and review framework (EARF). The project’s environmental process at the subproject level is guided by the EARF, which defines the environmental assessment requirements in accordance with the applicable GOI regulations and ADB’s SPS 2009.

5. The IEE includes an environmental management and monitoring plan (EMMP), institutional arrangements, budget, public consultation disclosure, and a grievance redress mechanism (GRM).

## II. POLICY, LEGAL AND ADMINISTRATIVE FRAMEWORK

6. Indonesia’s relevant environmental law and regulations focus on managing the environmental impacts of development projects. The legal framework includes:

- (i) Law No. 32/2009 concerning environmental protection and management;
- (ii) Minister of Environment Regulation No.5/2012 on the screening criteria (i.e., the type/scale/magnitude of activities requiring environmental impact assessment (*Analisa Mengenai Dampak Lingkungan – AMDAL*) (Annex 3);
- (iii) Minister of Environment Regulation No.16/2012 on guidance to prepare UKL-UPL;

<sup>1</sup> Indonesia is one of the eight countries selected to receive support from FIP, one of the three sub-programs under Strategic Climate Fund of Climate Investment Funds. ADB, in collaboration with World Bank and IFC, assisted the government in preparing the forest investment plan, which was endorsed in November 2012.

<sup>2</sup> ADB’s Environment Assessment Review Framework, project preparatory technical assistance: Community-Focused Investments to Address Deforestation and Forest Degradation. Manila. (PPTA 8660-INO).

- (iv) Minister of Environmental Regulation No.17/2012 concerning public participation and information disclosure in AMDAL Process; and
- (v) Government Regulation No. 27/2012 on environmental permits.

7. Projects requiring an environmental measure need a UKL or UPL. The UKL or UPL pertains to the management and monitoring efforts conducted by the proponent on activities that have no *significant* impacts on the environment. The UKL or UPL is required to make a decision on the implementation of the business and/or activity. Annex 4 shows a flow chart of Indonesian Environmental Clearance.

8. The environmental document (AMDAL, UKL or UPL, and Environmental Management Statement Letter [SPPL]) is guided by the Minister of Environment Regulation No. 16/2012 in Indonesia. The project proponent must obtain the environmental permit from the appropriate government authority before implementing the project (Regulation No.27/2012).

9. In accordance with GOI regulation No 5/2012 (Article 4), projects that are exempts from the AMDAL include activities that support the conservation of protected areas, or cultivation with native species within a fixed area (assuming that the said cultivation does not reduce the function of the protected area). Subprojects currently listed under the project do not require AMDAL because:

- (i) The subprojects are small scale and no significant impacts are expected;
- (ii) The proposed activities will support conservation and will not reduce the function of the protected areas; and
- (iii) The subprojects will require a UKL or UPL.

10. The local environmental management body is responsible at the provincial and at the district level of ensuring compliance of projects with the environmental law. Under the project, UKLs or UPLs will need to be submitted to the provincial or district environmental management body for approval. The environment permit will also be obtained at provincial or district level, depending on whether a single or more than one district boundaries are involved in the proposed activities.

11. Three regulations issued by the Ministry of Forestry support carbon sequestration and REDD+ activities: (1) Regulation No. P.36/*Menhut-II*/2009 regarding License Procedures for Carbon Sequestration and / or Carbon Storage Business in Forest Production and Protection Forests; (2) Regulation No P.68/*Menhut-II*/2008 regarding Implementation of Demonstration Activities for Reducing Carbon Emissions from Deforestation and Forest Degradation; and (3) Regulation No P.30/*Menhut-II*/2009 regarding Procedures for REDD+. These regulations support sustainable forest management, REDD+ procedures and environmental services.

12. West Kalimantan Regulation Number 7/1988 on Management and Conservation of the Environment and West Kalimantan Governor Decree No. 120/1989 on Environmental Quality Standards guide environmental management at the provincial level. The Ministry of Forestry Decree No. SK. 791/*Menhut-II*/2009 dated December 7, 2009 determines the zoning area in KPHP Model Sintang.

### III. DESCRIPTION OF THE PROJECT

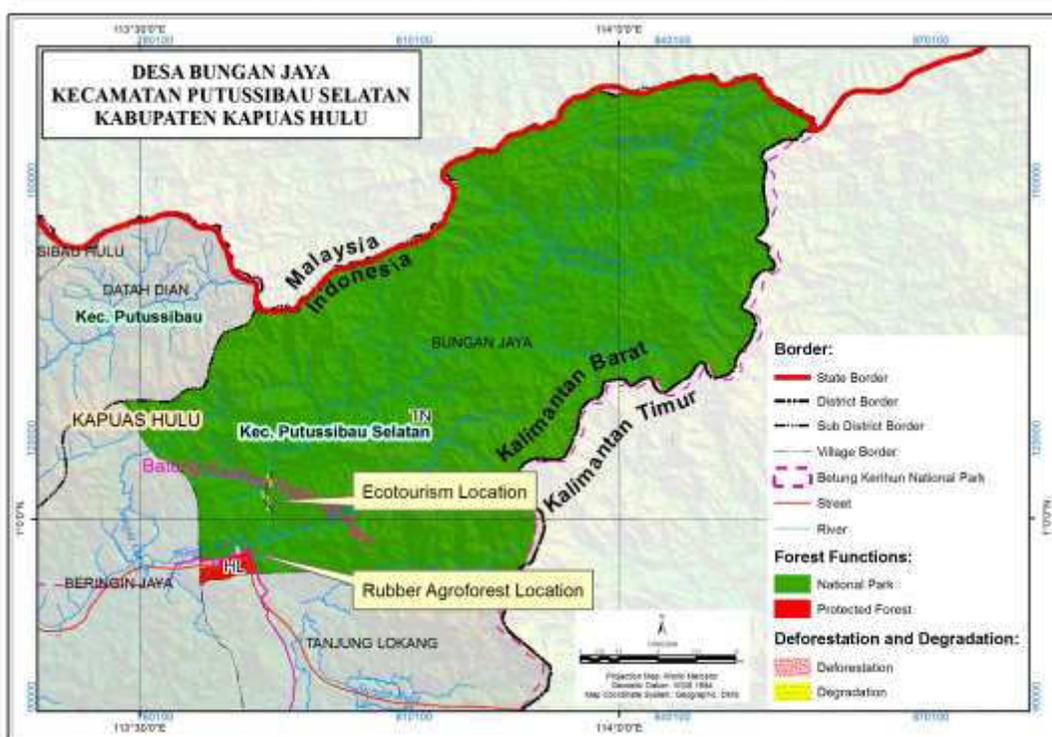
13. The activities of the project will be focused in 13 villages in Kapuas Hulu District and four villages in Sintang District in West Kalimantan province. The Bungan Jaya village in Kapuas

Hulu and Tanjung Sari village in Sintang District were selected for the IEE. Overall, there are two groups of economic activities that will be created through FIP, namely:

- (i) Land based cultivation with commercial tree species
- (ii) Non-land based economic activities

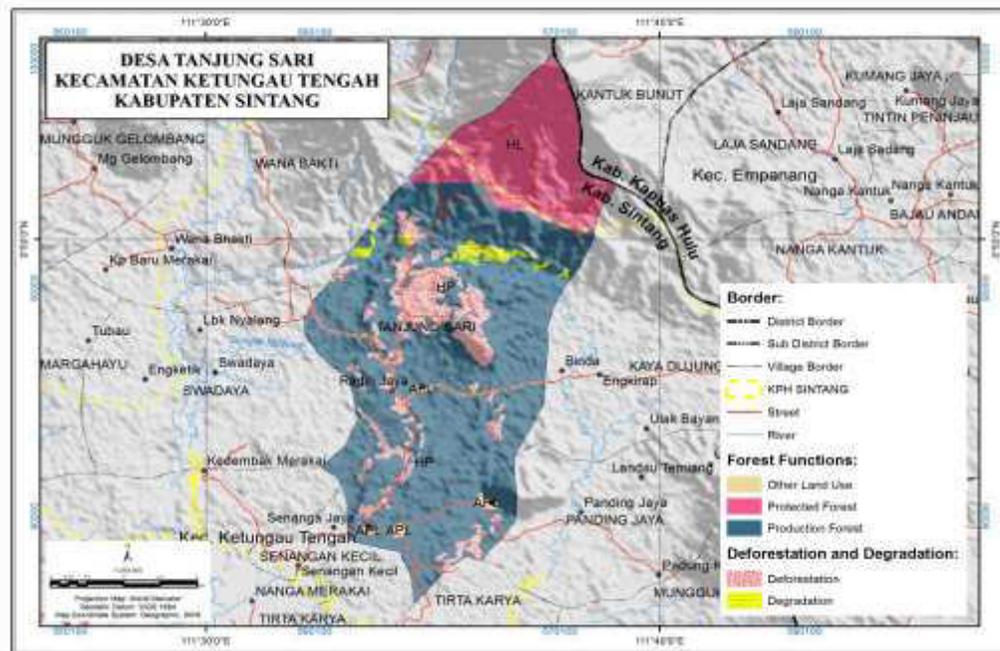
14. There are two different land based cultivation models for commercial tree species designed for REDD+ demonstration activities in Bungan Jaya village, i.e. 50 ha of rubber (*Hevea spp.*) with coffee in agroforestry system, 5 ha of *gaharu* with coffee in agroforestry system. Agroforestry outside the forest area will be along the existing road only based on SK 733/2014. The location of those activities is shown in the Figure 1. Non-land based activities include handicraft making and ecotourism.

**Figure 1: Bungan Jaya Location Map**



15. For Tanjung Sari village, land based cultivation models for commercial tree species will include 110 ha of rubber (*Hevea spp.*) with coffee in an agroforestry system (50 ha inside land categorized as forest, and 60 ha outside land categorized as forest) and 20 ha of gaharu/agar wood (*Aquilaria spp.*) with coffee in agroforestry (inside forest area). These two agroforestry systems have coffee trees as the buffer cropping. As in Bungan Jaya village, agroforestry outside the forest area will be along the existing road only based on SK 733/2014. The location of those activities is shown in Figure 2. Non-land based activities include beekeeping, fish cultivation and handicrafts.

**Figure 2: The Tanjung Sari Location Map**



16. In addition, some small-scale infrastructures of the proposed subproject include drinking water facilities (mini reservoir for water), and a road village network (road widening with 2 m wide and total length 2 km within the village).

17. For land-based cultivation, the project will provide the community with seed, fertilizer, pesticide and also other equipment on degraded lands.

18. Agroforestry is practiced for a variety of objectives, which represents an interface between agriculture and forestry and encompasses mixed land-use practices. Theoretically, there are three attributes which all agroforestry systems possess namely:

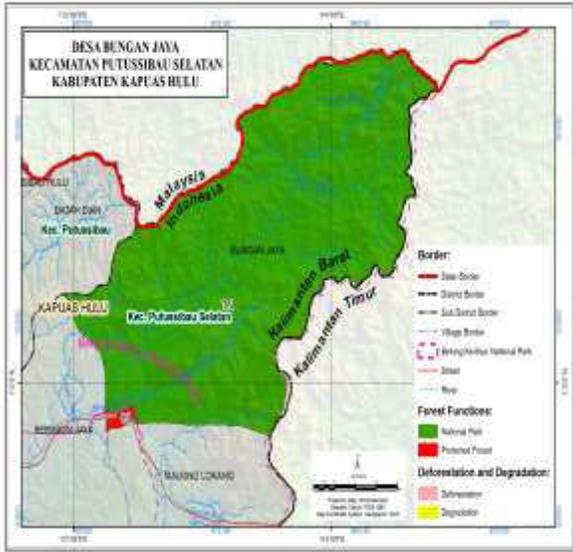
- (i) **Productivity.** Agroforestry systems mostly aim to maintain or increase production of preferred commodities as well as productivity of the land, e.g. through increasing output of tree products, improved yields of associated crops, reduction of cropping system inputs, and increased labor efficiency.
- (ii) **Sustainability.** By conserving the production potential of the resource base, mainly through the beneficial effects of woody perennials on soils, agroforestry can achieve and indefinitely maintain conservation and fertility goals.
- (iii) **Adoptability.** The improved or new agroforestry technologies that are introduced into new areas should conform to local farming practices.

19. Besides land-based cultivations, ecotourism will be also developed in Kapuas Hulu as a buffer for the Betung Kerihun National Park. Ecotourism development is an important element of the Heart of Borneo (HOB) initiative. The objective is to recognize and protect the value of special natural and cultural places or sites within the HOB area, especially in Bungan Jaya. This community-based ecotourism will provide an alternative to generate income for communities while protecting the natural environment. The nature ecotourism investments will include development of facilities for tourists around the protected area, especially in the village.

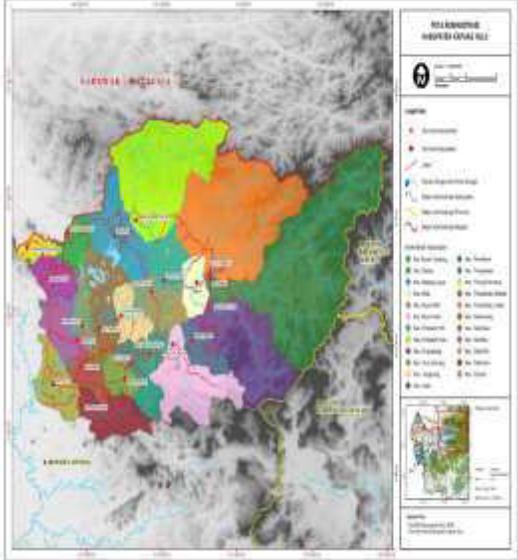
20. Beekeeping and fish cultivation will be developed in Tanjung Sari village aside from land-based cultivations. The objective is to recognize and to protect the value of special natural and cultural places or sites within the HOB area, and provide an alternative way to generate income for community while protecting the natural environment especially in Tanjung Sari.

**IV. DESCRIPTION OF THE ENVIRONMENT**

21. Bungan Jaya village is located in the Kapuas River Water Catchment area, Putusibau Selatan Subdistrict, Kapuas Hulu district (Figure 3). It is close to Betung Kerihun National Park (Figure 4) and shares a boundary with the national park. The village is located in the strategic positions protecting at least one of the two national parks, namely Betung Kerihun and Danau Sentarum.



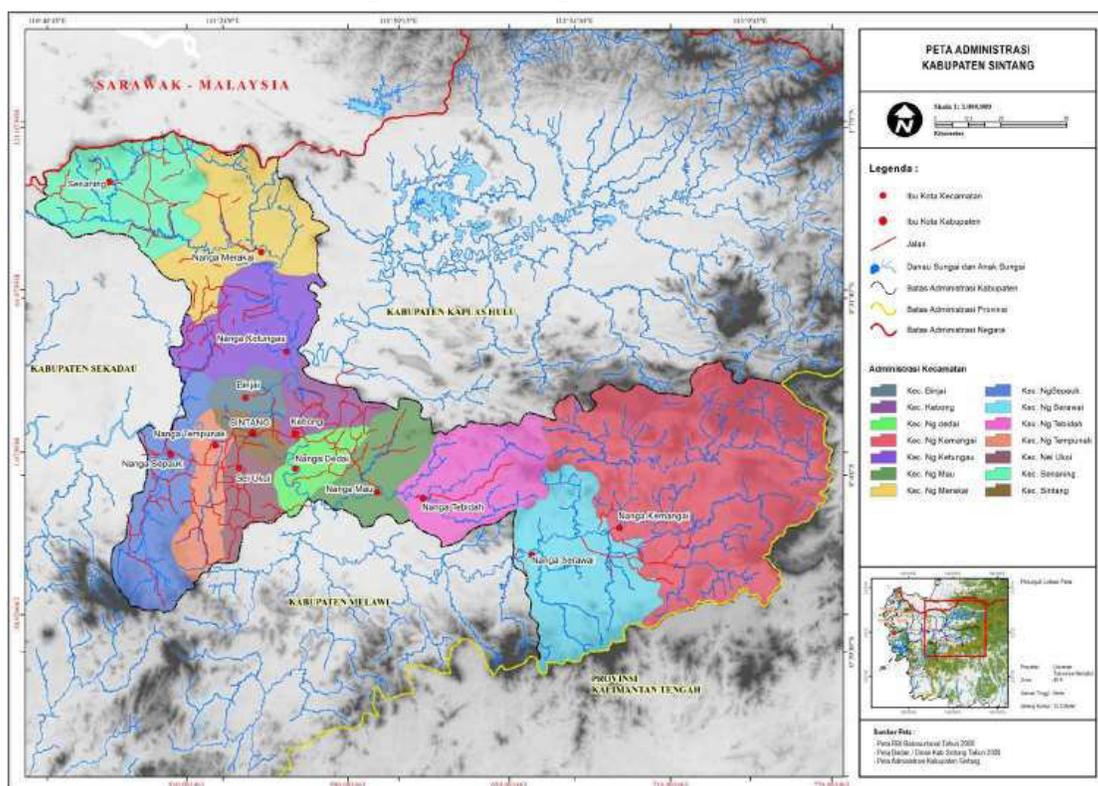
**Figure 3: Bungan Jaya Village**



**Figure 4. Kapuas Hulu District**

22. Tanjung Sari village is located in the northwest head of Sintang district, in the subdistrict of Ketungau Tengah, roughly 17 miles south of the border with Malaysia. The village is accessible via rough roads about a four-hour ride from the district capital city of Sintang and also by speedboat via Kentungau River. The location of Ketungau Tengah subdistrict in Sintang district is shown in Figure 5.

Figure 5: Ketungau Sub District



## A. Climate

23. Bungan Jaya's climate is classified as tropical. The average temperature is 25.2°C, with precipitation annual average of 4,088 mm. There is significant rainfall throughout the year; even the driest month still has a lot of rainfall. Precipitation is lowest in July, with an average of 232 mm. Most precipitation falls in December, with an average of 416 mm. The Köppen-Geiger climate classification is Af. With an average temperature of 25.6 °C, May is the hottest month of the year. February is the coldest month, with an average daily temperature of 24.8 °C.

24. Sintang has a tropical climate. The average annual temperature is 26.9 °C and the annual average rainfall is 3,514 mm. The driest month is July, with 204 mm of rainfall. The warmest month of the year is in May, with an average temperature of 27.5 °C. January is the coldest month of the year with 26.3 °C on average.

## B. Physical

25. Bungan Jaya is located in the Kapuas Hulu Basin. The topography of Kapuas Hulu Basin encompasses plains, hill and mountainous area, with elevation ranging from 30 – 2000 m above sea level. The upstream of this area is part of the Muller Mountain range and the Kapuas Hulu Mountain range. *Embaloh* Group dominates the geological unit of the area (85%) and the remainder falls under the category of Kapuas Complex, Sintang and Selangkai Stones and Lapung Volcanic. The soils of Kapuas Hulu belong to *Ultisol (Podsollic)*, *Inceptisol (Cambisol)*, *Histosol (organosol)*, *Gleysol (Glei humus)*, and *Entisol (Alluvial)*. In this village, the soils are black (fertile soils), normally found along the river and upstream. They will produce 'white' (clear) water. This type of soil is called *tulin soil* and *bengkinai* and *meranti* trees are normally

found in fertile soil. In the upstream area, the land use systems are less permanent, are subsistent in nature and rely on less technology.

26. The type of soil in the village of Tanjung Sari is red yellow podsollic, a type of soil that is particularly sensitive to erosion. Its thick soil solum is 90-180 cm, color ranging from red to yellow while texture is sandy loam, structure blocky, consistency loose at the top and firm in the bottom layer, organic matter content is less than 5%. The nutrition content (phosphorus, nitrogen, potassium, calcium, magnesium, sulfur, zinc) is low, soil reaction (pH) is very sour and slightly acidic with pH between 4 to 5.5. Overall, the soil has poor chemical properties and iron toxicity is indicated. The soil fertility is low to moderate.

### C. Environmental Resources for Local Population (Biodiversity, Climate Change Issues)

27. Unlike the muddy situation found downstream, water from Bungan is clear and lush vegetation can be seen on both sides of its banks. Ensurai trees thrive along the riverbanks, despite the strong currents, while in the interior of the forest, meranti trees dominate. Local people value trees with high economic potential and ecological value such as *meranti*, *tengkawang* and *durian*, which has strong roots. *Bayuan*, *tebelian air*, *sengkuang*, *rabung* and *ensurai* are good trees to prevent river bank collapse. *Bungo tree* and *araso grass* are good for landslide prevention. In local perception, erosion and landslide along the river are caused by logging activities in the upstream area and riparian zones and this has resulted in high economic loss.

28. Tanjung Sari is one of several villages in Sintang district, with forest protected for cultural practices by local community (protected area). Local communities are located in hamlet or Dusun Sebara and Dusun Mangerat. In the village, former forestland has been cleared to establish other land use such as crops. Once new crop finishes its production, land is abandoned as bare land where soil is exposed to wind and rain resulting in erosion. In addition, forest loss has affected honey production which is one of the economic activities local population rely on. Many native species are used by Dayak Iban (local tribe) for medicinal purposes. There are 65 kinds of medicinal herbs from 38 plant families. Many come from the family of Zingiberaceae (12.3%), Euphorbiaceae (7.6 %) and Poaceae and most of them are collected from the forest.

29. Rubber tree (*Hevea brasiliensis*) or “*karet*” is one of the most common commodities cultivated by local people in West Kalimantan, specifically in Kapuas Hulu and Sintang districts. This tree initially grew in the Amazon Rainforest. Rubber trees were brought to the botanical gardens at *Buitenzorg* currently known as Bogor, West Java, Indonesia in 1883 and today, most rubber tree plantations are in South and Southeast Asia, including Kalimantan.<sup>3</sup> In West Kalimantan, there are a total of 379,038 ha of rubber tree plantation, distributed in the districts of Bengkayang, Kapuas Hulu, Ketapang, Landak, Melawi, Sambas, Sanggau, Sekadau, Sintang, Kota Pontianak, and Kota Singkawang.<sup>4</sup> A dense, pristine rain forest flourishes in the area.

### D. Human and Economic Development

#### 1) Bungan Jaya

<sup>3</sup> [http://en.wikipedia.org/wiki/Hevea\\_brasiliensis](http://en.wikipedia.org/wiki/Hevea_brasiliensis). Downloaded 14.02.2015.

<sup>4</sup> Nurhakim, Y.I & Hani, A. (2014). Perkebunan Karet Skala Kecil Cepat Panen. Intra Pustaka. Depok.

30. Bungan Jaya has four hamlets: Nanga Bungan, Nanga Lapung, Aso and Tona Kulan. The communities in this village do not tend to live in typical *Dayak* longhouses, although they do offer tourists durable homemade woven handicrafts. They also stage traditional dances and music, especially during the gawai, or harvest, in April or May.

31. The *Dayak* sub ethnic group, namely the *Punan (Hovongan)* is predominantly found in the upper Kapuas Basin. They live a traditional nomadic lifestyle however, they became a sedentary community due to the influence of Christian missionaries during the eighteenth century. They do not recognize the long house culture as practiced by other sub-ethnic groups, such as the Iban, Taman and Tamambaloh. In addition to Bungan Java village, the Punan also live in villages, such as Tanjung Lokang, Nanga Enap, Nanga Erak, Sepan, Salin and Belatung. Punan are hunter-gatherers, living in small groups and leader structures are based on seniority and skills.

32. Punan society has a very high level of dependence on natural resources. In this group, farming is not a primary activity; therefore gardening management skills are still relatively simple. The Punan Uheng-keriho which live in Nanga Enap and Nanga Erak have somewhat more advanced agricultural skills due to their interactions with other *Dayak* groups from downstream, but for *Punan* groups that are still living in the upper river regions, such as in BunganJaya, hunting is a daily job.

33. Bungan Jaya has two elementary schools, and one village clinic (Polindes). There have been some government-funded village development projects from: PNPM (2009 and 2010), WWF (2006 and 2010), and Betung Kerihun National Park (2009). This village has a population of 691 with 109 households. The population density in Kapuas Hulu is equal to 8.10, meaning that for every 1 km in Kapuas Hulu, there are about eight inhabitants. Average population growth in Kapuas Hulu as of 31 October, 2012 was around 2.03%. In Kapuas Hulu, Putussibau Selatan subdistrict is home to a significant number of poor people (14.49% in 2012).

34. Besides hunting, most of the households of Bungan Jaya rely on the collection of birds' nests for their income. Other sources of local income include traditional gold panning, incense wood (*gaharu*) collection, river fishing, non-timber forest product (NTFP) extraction, animal husbandry, dry land agriculture, *rubber* garden, and limited fishponds. Some of the local peoples work as tourist guides and operate motorized longboat. In addition, local residents sell *Dayak* bead handicrafts and *mandau* traditional daggers.

## 2) Tanjung Sari

35. Ketungau *Dayak* tribe is one of the sub-Ibanic tribe that are divided into multiple division based on region and genomic imprinting. Ketungau tribe is the inhabitants of Ketungau Tengah, one of sub districts of Sintang district. This ethnic is known as purih (descendants of the native inhabitants of Ketungau group).

36. Agricultural patterns include shifting cultivation for rice and other crops, while for permanent agriculture, it is generally rubber planting. Local population extracts firewood and timber for house construction purposes. The community also markets various sap wood products such as sap of Jelutung and Nyatoh. Other NTFP include honey and cane. Storage of rice, vegetable, fish (aquaculture) exists along with food hunted in the woods.

37. The local communities have been involved in collection of NTFP from forest area for their income. Some NTFPs include: tengkawang (*Shorea* spp.), collection of natural wild honey, as well as rattan, including rattan fruit jernang (dragon blood) and gaharu

(*Aquilariamalaccensis*). Hunting, including of orangutans, was common until 10-15 years ago, but ceased due to local extinction of macro fauna.

## **E. Quality of Life Values**

38. Bungan Jaya is located near the confluence of the Kapuas River and its tributary the Bungan River. It is located deeper in the park, and is in the upper limit of Kapuas. It is about a three- to four-hour journey from Nanga Bungan by longboat. Travelers must also take a 10-minute walk along the river's banks and cross a hazardous wooden bridge. During the dry season, boats attempting to travel the rapids can be dashed against the many rocks and boulders visible in the stream. When the river is at its highest, the truck-sized boulders cannot be seen.

39. The location of the settlements in Bungan Jaya has created strong links to land use systems and livelihood options, as well as influencing perceptions and attitudes towards the management of natural resources. Land use patterns also change along the river. In the upstream area, the land use systems are less permanent, are subsistent in nature and rely on less technology. In terms of livelihood options, upstream communities also carry out hunting and gathering activities. These activities provide a higher income but at the same time higher uncertainty. The communities have limited access to market, and higher transportation costs.

40. Source of water in Kapuas Basin are from river, rainfall and springs. Rainwater harvesting systems have been used since antiquity, and examples abound in all the great civilizations throughout history. The main cultivated plants here are pepper, rubber, tobacco, tengkawang, fruits, ginger (*Zingiber officinale*), turmeric (*Curcuma domestica*). The NTFP are rattan, damar (*Shorea sp*), asam kandis (*Garcinia urophylla*), sengkuang (*Dracontomelon dao*).

41. Local livelihood systems are the most direct link between the human population and the watershed natural environment. They comprise the asset, strategies, norms and institution that allow households to make a living and reproduce within a particular natural and political environment. The wide-ranging nature of non-land based activity implies a very wide range and heterogeneity of activities, which make classification quite complex such as handicraft and ecotourism. Handicrafts create employment at low levels of investment that make effective use of local resources and create vertical linkage with communities that supply inputs.

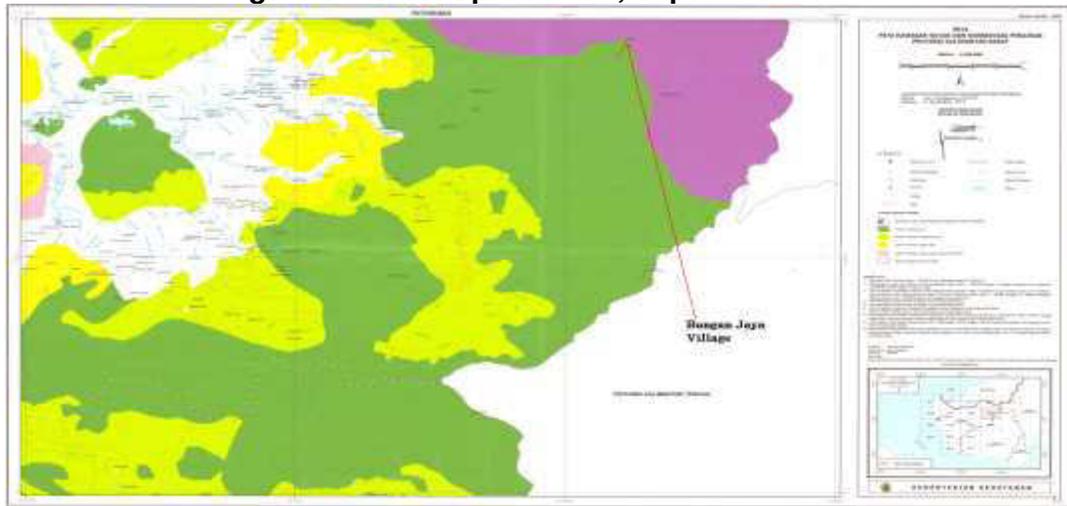
42. Some initial initiatives to promote environmental-friendly enterprises were identified in Tanjung Sari village, such as micro hydropower electricity development, palm sugar production, tengkawang processing, tenun/weaving and ecotourism.

## **F. Spatial Plan**

43. Based on the Forest Spatial Plan *Kabupaten* of Kapuas Hulu (Figure 6) Bungan Jaya village is located in the enclave of protection forest.

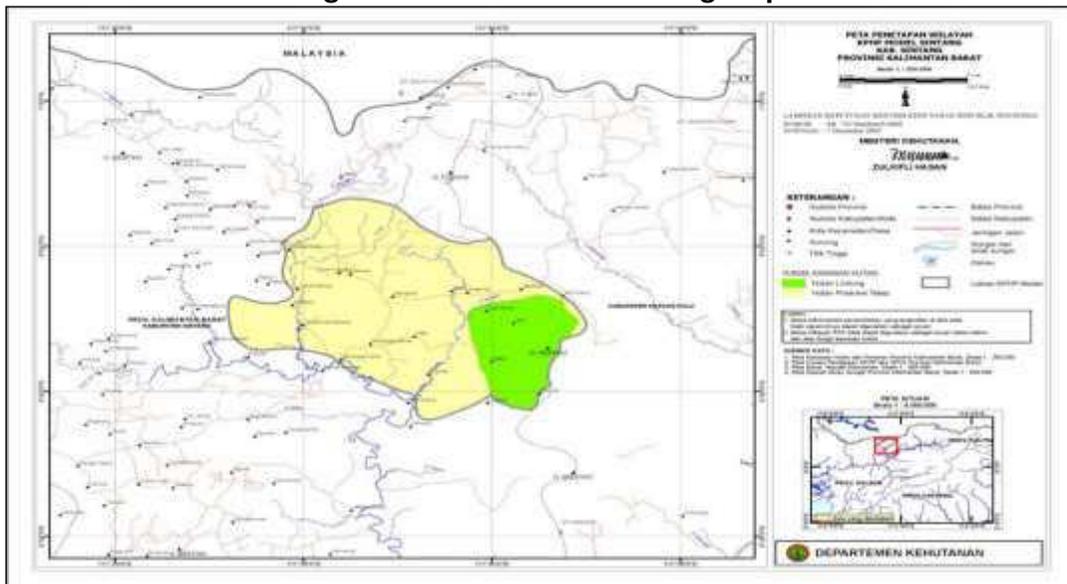
44. Based on Ministry of Forestry Letter Decree No. 791/Menhut-II/2009, dated 7 December 2009, the total area of the forest management unit (KPHP) Model Sintang in Kabupaten Sintang is  $\pm 56.893$  ha, which consists of protection forest ( $\pm 10.420$  ha) and production forest ( $\pm 46.473$  ha). KPHP model Sintang provides responsibility for the implementation of forest management, which includes planning, organizing, implementation of development, control and supervision.

**Figure 6: Forest Spatial Plan, September 2011**

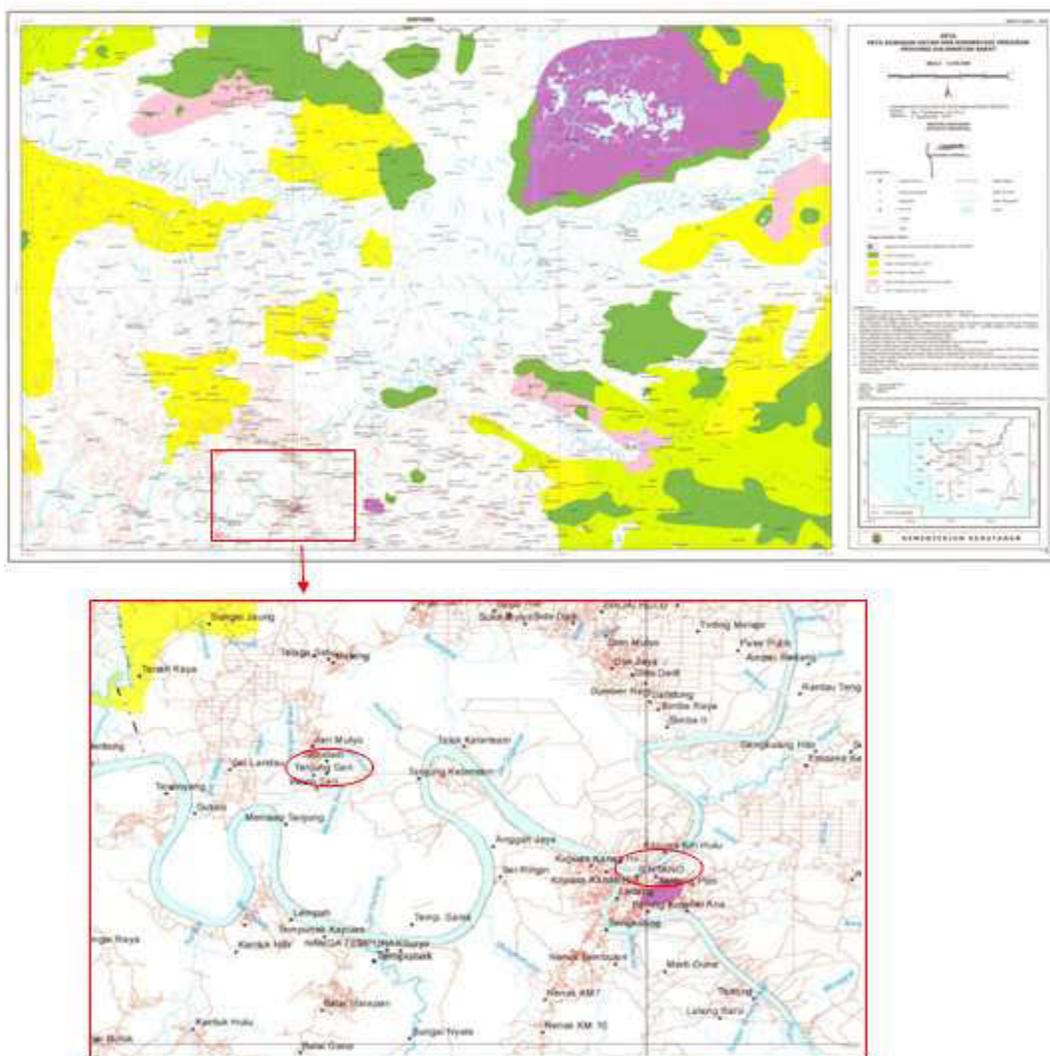


45. Tanjung Sari village is located in the middle of KPHP Sintang as shown in the KPHP Model Sintang Map (Figure 7). Both the central residential and business area are within the KPHP area. Tanjung Sari village is not located in the protected forest area based on Forest Spatial Plan Kabupaten Sintang as shown on Figure 8.

**Figure 7: KPHP Model Sintang Map**



**Figure 8: Forest Spatial Plan, Sintang District**



## V. FORECASTING ENVIRONMENTAL IMPACT AND MITIGATION MEASURES (THE ENVIRONMENTAL MONITORING PLAN)

### A. Potential Environment Impacts

46. Potential environmental impacts from the implementation of project activities can be expected from: (i) land-based cultivation such as agroforestry cultivation and gaharu agroforestry, (ii) handicraft (weaving), (iii) eco-tourism, (iv) beekeeping; (v) fish cultivation; and (vi) small-scale infrastructures such as road rehabilitation and water supply system. The social issue is the limited knowledge from the communities to use forest products as raw materials for handicrafts such as weaving which if not done with natural raw materials can cause natural pollution. Specific potential impacts may include:

47. **Construction.** Probably the most significant impact that can occur during construction:

- (i) Temporary use of land immediately adjacent to the road for sitting of contractor's yard, asphalt plant mixing plant, and construction camps can reduce air quality and visibility, and/or noise pollution from construction activities, material storage sites, excavations, vehicle and equipment use and asphalt mixing plants.
- (ii) Water quality may be affected (water and soil pollution) as a result of improper waste management of construction materials and workers.
- (iii) Vegetation in the surrounding area of the construction may be affected by waste.

48. **Operations.**

- (i) Inappropriate quality and quantity of road and track networks (Example: roads/tracks do not follow natural contours of the landscape) can make soil erosion.
- (ii) Domestic waste from tourism and inappropriate waste disposal and dumping, and increased access to forest resources can have adverse impact on forest (e.g., illegal cutting of trees or poaching of wild animals).
- (iii) Over fishing by tourists, unregulated discharge of sewage water, oil leakage from motorboats leads to contamination of waterbodies, and can cause fish decline in inland water bodies.
- (iv) Inappropriate disposal of non-biodegradable litter by tourists such as plastic bottles and bags, batteries and aerosol cans can produce soil contamination.
- (v) Sometimes pesticide residues are found in the honey thus rendering the product as unqualified for "organic honey" quality standards, which are demanded in the markets. Integrated pest management needs to be practiced in agroforestry systems.
- (vi) The negative environmental impact attributed to fish culture has mostly resulted from poor planning, inadequate site selection, inappropriate management procedures (e.g., excessive use of feeds) and lack of attention to environment protection.
- (vii) For the operational stage, a potential negative effect is that the reservoirs can become breeding grounds for disease vectors. This holds true especially in tropical areas where mosquitoes (vectors for malaria) and snails (vectors for *Schistosomiasis*) can take advantage of this slow flowing water.

**B. Other Issues to Explain the Environmental Impacts That May Occur:**

49. As the project location is in protection forest, the project in Bungan Jaya should consider the spatial plan (forest spatial plan, and district/ *kabupaten* spatial plan) in the planning stage. Distribution of planting land not only affects the efficiency of mixed forests but also the habitat of wildlife and the landscape of nature reserves.

50. Other activity in this stage is the selection of trees to plant. Not every introduced species has adverse effects on the environment, but some have a tendency to spread, which is believed to cause damage to the environment, human economy and/or human health.

51. Excessive and continuous application of chemical fertilizers over a long duration will change physical and chemical features of the soil and result in soil hardening and damage, and deteriorate soil quality and reduce productivity

### **C. The Benefits of Land-Based Cultivation:**

- (i) Improve air quality by lowering temperatures, filtering dust, and absorbing ozone, carbon monoxide, and by releasing oxygen
  - (ii) Help counteract the greenhouse effect and global climate change by taking carbon out of the atmosphere and storing it in the form of wood.
  - (iii) Reduce erosion and cause the soil to recuperate when trees are planted and grown
  - (iv) Reduce temperature extremes by providing shade and the cooling effects of evapotranspiration
- Trees are assets that farmers can often use as collateral for obtaining benefit, providing a multitude of by products such as fuel wood and medicines, and performing many environmental functions such as curbing soil erosion, sustaining biodiversity, and sequestering carbon. There will be a significant major source of income for many rural households as well as employment for some smallholders, who dominate tree crop production.

### **D. The Benefits of Ecotourism:**

- (i) Enhance and promote the local people's connectivity with the outside people.
- (ii) Create additional economic income for local people in an area while protecting natural forests.
- (iii) Create job opportunities, infrastructure development and business scope for the local communities. Local people can participate in ecotourism management and operation activities by partnership basis.
- (iv) Create wider markets for local goods and enhance low-cost strategies for local goods and business.
- (v) Improve knowledge/data and awareness on the importance of natural resources and local plant and animal distribution and behavior.
- (vi) Locals promote the protection of native flora, and wildlife.

## **VI. INSTITUTIONAL REQUIREMENTS AND ENVIRONMENTAL MONITORING PLAN**

### **A. Environmental Management Plan**

52. An adequate selection of the sites to implement the agroforestry systems and fresh water aquaculture activities will help mitigate the potential environmental impacts from project activities. Specific mitigation actions include:

- (i) In the early stages of planning, the selection of sites will be consulted with local community to avoid conflict regarding land ownership and compensation. The project area should be consistent with KPHP Model Kapuas Hulu and Sintang and Kabupaten Kapuas Hulu and Sintang Spatial Plans.
- (ii) Other impacts can be minimized mainly through careful planning at feasibility and detailed design stages to minimize land problem such as erosion, decline of fertility, etc.
- (iii) Project activities will be implemented in degraded lands only.
- (iv) Planting trees selection needs to be raised from seeds originating locally and that match well to the local site conditions.

- (v) The species mixture has to respect the individual growth characteristics and should be geared to generate synergies in the vegetation cover and improvement of soil quality. Otherwise, the plantation will not bring the expected benefits.
- (vi) During implementation good practices to implement agroforestry management should be followed such as use of leguminous cover plants between the rows to assist with nitrogen fixations to enrich organic matter.
- (vii) The location and construction of fish cultivation ponds site plan should not cause destruction of habitats such as wetlands, lagoons, rivers, inlets, swamps, marshes or high wildlife-use areas.

53. To mitigate the potential impact of chemical fertilizers activities, the use of toxic chemical fertilizer should be avoided. If needed, use of inorganic fertilizer must be already registered and certified under the Indonesia National Standard (SNI). Integrated pest management systems should be followed wherever feasible.

54. To mitigate any potential environmental impact by the use of pesticides:

- (i) the packing receptacle of the pesticides and fertilizers should be collected and treated centrally, and the containers must not be washed in the river or lake.
- (ii) use of toxic chemical pesticides should be avoided. If needed, use of inorganic pesticide must be already registered and certified under the SNI. The application volume and rates should be in accordance with pesticide labeling requirements.

55. Mitigation actions for weaving impact include:

- (i) Turning to a natural dye source for textiles is a huge step in mitigating toxins in water and the environment. Using plants to create colour is an age-old process, but a process perhaps even more relevant today, and will help deter the runoff of more toxins into the watershed.
- (ii) Surface water pollution is a major issue due to effluent discharge in textile dyeing industry. To try and control the pollution problem, best management practices including housekeeping, to minimize water and chemical use and any residual pollution, should be treated in a sedimentation pond through coagulation processes.
- (iii) Monitoring effluents from settling ponds or other waste treatment structures to verify that no further treatment is required.
- (iv) Best management practices will be followed to minimize use of chemicals, water and energy during weaving operations.

56. Actions to mitigate road construction and water supply reservoir construction impact:

- (i) For construction of camp site, camp size should be kept to a minimum. Require that crew preserve as much vegetation as possible, e.g., by creating defined footpaths and provide temporary sanitation on site, e.g., pit latrine
- (ii) Set guidelines prohibiting poaching and collection of plants or wood with meaningful consequences for violation (such as termination of employment).
- (iii) Adhere to district specifications for road design and maintenance that will ensure proper drainage.
- (iv) Emissions from all the construction activities including transportation activities are kept to an absolute minimum through the use of efficient equipment and through good management and maintenance activities, and any emissions shall

not exceed the values stated in the applicable Laws (Refer specifically to Government Regulation (Peraturan Pemerintah) No.41 Year 1999 regarding Air Pollution Control).

- (v) Any damaging liquid or solid contaminant, such as hydraulic or lubricating oils, dropped or spilled upon any portion of the site work and adjacent environment, base camp, or haul route shall be cleaned up immediately in order to avoid contamination of water and soil.
- (vi) Washing of equipment shall only be permitted in specially designated and equipped areas and shall not be permitted in any existing water courses.
- (vii) Necessary precautions have to be taken to minimize the amount of noise and vibrations coming from construction and transportation activities, by all vehicles and equipment, through the use of modern vehicles and equipment and through good management and maintenance. Noise and vibration levels from construction activities have to be in accordance to applicable Laws. (Refer specifically to Decree of Minister of Environment No.48 Year 1996 regarding Noise Level Standard and Decree of Minister of Environment No 49 year 1996 regarding Level of Vibration).
- (viii) Activities shall: (i) comply with all applicable safety regulations (Refer specifically to Law No. 1 Year 1970 regarding Work Safety and Law No. 12 Year 1999 regarding Fire Safety in work sites); (ii) take care for the safety of all persons entitled to be on the Site; and (iii) provide any Temporary Works (including roadways, footways, guards and fences) which may be necessary, because of the execution of the Works, for the use and protection of the public and of owners and occupiers of adjacent land.

57. The strategies to mitigate any impact from the implementation of ecotourism include:

- (i) Follow the mitigation activities for construction mentioned earlier, if any small infrastructure is built.
- (ii) Development of management plan including the calculation of the carrying capacity of the ecosystem to avoid degradation
- (iii) Raising awareness activities for tourist on how to behave when in the area regarding the extraction of plants and animals and waste management.
- (iv) The ecotourism must ensure social, economic and environmental benefits for the local people, and consider strategies for managing facilities for maintaining environmental sustainability (e.g., energy, water, waste, etc).

58. To mitigate the potential environmental impacts from fish cultivation:

- (i) Incorporate the applicable best management practices into the siting, design and operation of an aquaculture facility;
- (ii) Locate ponds in sites where they will not cause destruction of habitats such as wetlands, lagoons, rivers, inlets, swamps, marshes or high wildlife-use areas;
- (iii) For constructing ponds, line bottoms and sides of ponds with impervious matter in order to prevent seepage into surrounding soils and groundwater;
- (iv) Treat effluents in setting with filter feeders and constructed the freshwater ponds with the wetland before discharge; and
- (v) Use of best management practices for feed operations to minimize water pollution.

## **B. Environmental Monitoring Plan**

59. A program of environmental monitoring will be formulated to ensure that all parties take the specified action to provide the required mitigation, to assess whether the action has adequately protected the environment, and to determine whether any additional measures may be necessary. During construction, environmental monitoring will be conducted to ensure the protection of landslide, side slopes, embankment from potential soil erosion, water pollution, air pollution, siting of work sites and material storages, siting of asphalt plants, preservation of religiously sensitive locations, community relations, and safety provisions.

60. During operation, surface water quality monitoring, land use changes, seeds quality, pesticide use, ecotourism management of subproject activities will be important parameters of the monitoring program. Other monitoring activities include:

- (i) Inspection checklists will be prepared to inspect facilities for proper environmental mitigation activities during both construction and operational phases.
- (ii) The pH, turbidity and total suspended solids will be monitored in area streams adjacent to project interventions, one for baseline prior to activities, once during construction and during every semester following construction.
- (iii) The environmental monitoring period is every semester, and the environmental monitoring report will be submitted to environmental agency in Kapuas Hulu by PISU and to be disclosed to the project stakeholders. ADB will receive these reports as requested but they will be included in the quarterly reports to ADB from the project executing agency.

## **C. Institutional Arrangements for Environmental Management and Monitoring**

61. Most of mitigation activities during construction stage are the responsibility of the PISU. The environmental specialist of the project will be in charge of making sure that activities will comply with environmental safeguards and that guidelines for mitigation of potential impacts are being followed during implementation. The environmental specialist will also be in charge of the monitoring during the implementation of the activities. Monitoring reports will be prepared every six months. The PISU shall also undertake establishment of ambient baseline data (air quality and noise, water quality, etc.) before site works and ambient monitoring during construction based on the environmental monitoring plan. The mitigation requirements will be included as part of the contractor's agreement. The environment specialist will coordinate with districts environmental unit in obtaining necessary environmental permits for project interventions in accordance with environment assessment and review framework.

### **62. Compliance Monitoring**

- (i) ADB will monitor the compliance of the environmental assessment with the environmental provisions in the grant agreement by (i) reviewing regular progress reports, and (ii) by periodic supervision missions;
- (ii) The Ministry of Environment and Forestry (MOEF) of GOI, as the principal environmental regulator will monitor implementation by the Project of any conditions imposed on construction through the Indonesian environmental approval system;
- (iii) The environmental specialist will: (i) obtain necessary environmental clearances (ii) undertake internal quality control procedures, (ii) conduct site inspections, and

- (iii) directly supervise contractors and workers, in order to implement appropriate health, safety and environment practices on site and initiate corrective actions for non-compliance.
- (iv) The PISU with assistance from the consultants will monitor the work of the contractors responsible for the physical works, which will include health, safety and environment monitoring in accordance with national and local occupational and health safety standards.

63. **Reporting.** PISU shall submit the following environmental reporting documentation to ADB:

- (i) Baseline monitoring reports shall be submitted to ADB prior to commencement of civil works, baseline environmental data (including data collection locations, parameters), relevant standards and data collection responsibilities.
- (ii) Environmental monitoring reports will include environmental mitigation measures undertaken, environmental monitoring activities undertaken, details of monitoring data collected, analysis of monitoring results, recommended mitigation measures, environmental training conducted, and environmental regulatory violations. The environmental monitoring reports will be submitted to ADB twice annually during the construction period and annually for three years after completion of construction.
- (iii) Project completion environmental monitoring report which will summarize the overall implementation of the EMP will be submitted to ADB three years after completion of construction.
- (iv) The anticipated environmental impacts and mitigation measures discussed in the previous section is presented in Table 1. The table also shows allocated responsibilities for implementing the mitigation measure and for the conduct of monitoring activities.

**Table 1: Environment Mitigation and Monitoring Plan**

<b>Key Activities (likely to cause negative impacts)</b>	<b>Potential Impacts and/or Risk</b>	<b>Location</b>	<b>Mitigation and/or Enhancement Measures</b>	<b>Monitoring</b>	<b>Responsible Institution</b>
<b>Design and Location / Pre construction / Precultivation Phase</b>					
Survey and design including improvement options of subproject activities and location	➤ There is no or limited direct impact. However, change in subproject's design especially activities and location options and scales may result in changing the scope or scale of environmental impacts	Entire project area in Bungan Jaya and Tanjung Sari Villages	<ul style="list-style-type: none"> <li>➤ Conduct the Consultation with stakeholders to select appropriate location, design with minimal negative impacts</li> <li>➤ Coordinate with other related implementation programs in the project area; follow the construction standards and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>➤ Entire subproject design including activities, location and mode of implementation</li> <li>➤ Monitoring in every semester during preconstruction</li> </ul>	PISU, FMU, local community
Preparation of subproject detailed design and bidding	➤ There is no direct impact. However, exclusion of environmental management and mitigation measures during contracting and construction may lead to increase impact scale and significance	Entire project area in Bungan Jaya and Tanjung Sari Villages	<ul style="list-style-type: none"> <li>➤ Incorporation of all mitigation measures into the subproject detailed design as well as contract/bidding</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensuring that detailed design as well as contract/bidding completed with the Environmental Management and Monitoring Specification</li> <li>➤ Monitoring in every semester during preconstruction</li> </ul>	PISU/ Procurement officer
Establishment of agroforestry systems and fish cultivation site selection	➤ Detrimental to regional biodiversity and integrity. Distribution of planting land not only affects the efficiency of mixed forests but also the habitat of wildlife and the landscape of nature reserves	Plantation areas and areas where fresh water aquaculture will be established	<ul style="list-style-type: none"> <li>➤ Project activities will be implemented in degraded lands only.</li> <li>➤ Locate ponds in sites where they will not cause destruction of habitats such as wetlands, lagoons, rivers, inlets, swamps, marshes or high wildlife-use areas.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The land type of project location</li> <li>➤ Monitoring in every semester during preconstruction</li> </ul>	PISU, FMU, local community
Planting material selection	➤ Invasive species proliferation	Plantation areas and areas where fresh water aquaculture will be established	<ul style="list-style-type: none"> <li>➤ Planting material selection needs to be raised from seeds originating locally and that match well to the local site conditions.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The local originally seeds</li> <li>➤ The quality of seeds</li> <li>➤ Monitoring in every Semester during preconstruction</li> </ul>	PISU, FMU, local community
Fish cultivation species selection	➤ Introduction of exotic species	Freshwater aquaculture area in Tanjung Sari village	<ul style="list-style-type: none"> <li>➤ Freshwater aquaculture species selection should be based on local species that matches well the local site conditions.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensuring that aquaculture species are selected</li> <li>➤ Monitoring in every Semester</li> </ul>	PISU, FMU

Key Activities (likely to cause negative impacts)	Potential Impacts and/or Risk	Location	Mitigation and/or Enhancement Measures	Monitoring	Responsible Institution
<b>Construction Phase</b>					
Road improvement/new road construction and water supply reservoir construction	<ul style="list-style-type: none"> <li>➤ Soil erosion</li> <li>➤ Water quality degradation through poor road construction and reservoir construction practices and maintenance</li> </ul>	Road construction and reservoir construction in Bungan Jayaand Tanjung Sari	<ul style="list-style-type: none"> <li>➤ For construction of camp site, require that crew preserve as much vegetation as possible, e.g., by creating defined footpaths and provide temporary sanitation on site, e.g., pit latrine, the contents of which should be disposed in an environmentally appropriate manner.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Incorporation of all mitigation measures into the subproject detailed design as well as contract/bidding and also during implementation</li> <li>➤ The Contractor shall ensure that polluting effluent shall not exceed the values stated in the prescribed applicable laws (<i>Refer specifically to Government Regulation (Peraturan Pemerintah) No.82 Year 2001 regarding Water Quality Management and Water Pollution Control</i>).</li> </ul>	PISU, FMU, contractors
	<ul style="list-style-type: none"> <li>➤ Damage of local habitat, compact soil and create erosion through building of construction camps,</li> <li>➤ Contaminate surface water and spread disease via solid waste and feces generated by camps</li> <li>➤ Deplete local fauna and flora (during land clearing and fuel wood) via poaching and collection by construction crews</li> <li>➤ Noise and vibrations coming from construction and transportation activities,</li> <li>➤ Human health and safety</li> <li>➤ Impact to fauna and flora during construction and water pollution to area</li> </ul>		<ul style="list-style-type: none"> <li>➤ Set guidelines prohibiting poaching and collection of plants/wood with meaningful consequences for violation such as termination of employment.</li> <li>➤ Adhere to specifications for road design and maintenance that keep water off road surfaces.</li> <li>➤ The contractor shall ensure that emissions from all the Contractor's activities including transportation activities are kept to an absolute minimum through use of well-maintained equipment and through good operational management and maintenance, and any emissions shall not exceed the values stated in the applicable Laws (<i>Refer specifically to Government Regulation (Peraturan Pemerintah) No.41 Year 1999 regarding Air Pollution Control</i>)</li> <li>➤ Any damaging liquid or solid contaminant, such as hydraulic or lubricating oils, dropped or</li> </ul>	<ul style="list-style-type: none"> <li>➤ Noise and vibration levels in accordance with the applicable Laws. (<i>Refer specifically to Decree of Minister of Environment No.48 Year 1996 regarding Noise Level Standard and Decree of Minister of Environment No 49 year 1996 regarding Level of Vibration.</i>)</li> <li>➤ Comply with all applicable safety regulations (<i>Refer specifically to Law No. 1 Year 1970 regarding Work Safety and Law No. 12 Year 1999 regarding Fire Safety in work sites</i>);</li> <li>➤ Monitoring in every semester during construction</li> </ul>	PISU, FMU, contractors

Key Activities (likely to cause negative impacts)	Potential Impacts and/or Risk	Location	Mitigation and/or Enhancement Measures	Monitoring	Responsible Institution
			<p>spilled upon any portion of the site work and adjacent environment, base camp, or haul route shall be cleaned up immediately by the contractor in order to avoid contamination of water and soil. The engineer must approve the completion of the cleanup.</p> <ul style="list-style-type: none"> <li>➤ Washing of contractor's vehicles and equipment shall only be permitted in specially designated areas and shall not be permitted near in any existing water courses.</li> <li>➤ The contractor shall take all necessary precautions to minimize the amount of noise and vibrations coming from construction and transportation activities, by all vehicles and equipment, through the use of well-maintained vehicles and equipment and through good operational management and maintenance. The contractor shall ensure that all noise and vibration levels from all the Contractors Activities are in accordance with the applicable Laws. <i>(Refer specifically to Decree of Minister of Environment No.48 Year 1996 regarding Noise Level Standard and Decree of Minister of Environment No 49 year 1996 regarding Level of Vibration.)</i></li> </ul>		

Key Activities (likely to cause negative impacts)	Potential Impacts and/or Risk	Location	Mitigation and/or Enhancement Measures	Monitoring	Responsible Institution
			<ul style="list-style-type: none"> <li>➤ The contractor shall: (i) comply with all applicable safety regulations (<i>Refer specifically to Law No. 1 Year 1970 regarding Work Safety and Law No. 12 Year 1999 regarding Fire Safety in work sites</i>); (ii) take care for the safety of all persons entitled to be on the Site; and (iii) provide any Temporary Works (including roadways, footways, guards and fences) which may be necessary, because of the execution of the Works, for the use and protection of the public and of owners and occupiers of adjacent land</li> <li>➤ Contractor shall use legal wood when they need the wood material for the construction work.</li> </ul>		
<b>Operation / cultivation Phase</b>					
Use of fertilizer	<ul style="list-style-type: none"> <li>➤ Excessive use of chemical fertilizers,</li> <li>➤ Inappropriate application methods and wrong proportions result in the seepage of chemicals into underground aquifers as well as loss through surface runoff and rainwater discharge.</li> <li>➤ change physical and chemical features of the soil and result in soil hardening and damage,</li> <li>➤ Deteriorate soil quality and reduce productivity.</li> </ul>	Plantation areas in Bungan Jaya and Tanjung Sari	<ul style="list-style-type: none"> <li>➤ Use organic fertilizers</li> <li>➤ Avoid toxic chemical fertilizer.</li> <li>➤ If needed, use of inorganic fertilizer must be registered and certified under the Indonesia National Standard (SNI).</li> <li>➤ Follow integrated pest management and pesticides/fertilizer labeling requirements.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fertilizer used (registered and certified under the SNI).</li> <li>➤ Monitoring in every Semester during operation</li> </ul>	PISU, FMU, community

Key Activities (likely to cause negative impacts)	Potential Impacts and/or Risk	Location	Mitigation and/or Enhancement Measures	Monitoring	Responsible Institution
Plant diseases and insect pests control/pesticides	<ul style="list-style-type: none"> <li>➤ The application of pesticides can kill the natural predator of harmful insects, and biodiversity decline and the unbalance in species, pollute water supplies and soil, endanger the health of the residents, livestock, crops, and wild animals, directly or indirectly.</li> </ul>	Plantation areas in Bungan Jaya and Tanjung Sari villages	<ul style="list-style-type: none"> <li>➤ if needed, plant diseases and insect pests control/pesticides should use precaution and microbiological processes.</li> <li>➤ The packing receptacle of the pesticides and fertilizers should be collected and treated centrally, and also the container must be forbidden to wash in the river or lake.</li> <li>➤ Avoid use of toxic chemical pesticide. If needed, use of inorganic pesticide must be registered and certified under the SNI.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pesticides used (registered and certified under the SNI).</li> <li>➤ Monitoring in every semester during operation</li> </ul>	PISU, FMU, local community
Handicraft (weaving)	<ul style="list-style-type: none"> <li>➤ The large volumes of wastewater generated may contain a wide variety of chemicals, used throughout processing.</li> </ul>	Weaving activities in Bungan Jaya and Tanjung Sari villages	<ul style="list-style-type: none"> <li>➤ Advocate use of natural dye source</li> <li>➤ Introduce the sustainable nature dye into the weaving to the local community</li> </ul>	<ul style="list-style-type: none"> <li>➤ Implementation on used natural dye</li> <li>➤ The implementation of waste water treatment plant</li> <li>➤ Monitoring in every semester during operation</li> </ul>	PISU, FMU, local community
Fish cultivation	<ul style="list-style-type: none"> <li>➤ Adverse effects associated with aquaculture include habitat destruction, discharge of effluents containing high concentrations of organic matter (in aquaculture operations)</li> <li>➤ Introduction of exotics, which may alter the diversity of the natural flora and fauna.</li> </ul>	Aquaculture activity in Tanjung Sari village	<ul style="list-style-type: none"> <li>➤ Provisions are made to incorporate the applicable best management practices into the location, design and operation of an aquaculture facility.</li> <li>➤ Locate ponds in sites where they will not cause destruction of habitats such as wetlands, lagoons, rivers, inlets, swamps, marshes or high wildlife-use areas.</li> <li>➤ The site should have good soil, preferably clay-loam or sandy clay, that will retain water and be suitable for building dikes.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Implementation of management practices into the siting, design and operation of an aquaculture facility.</li> <li>➤ Follow best practices for aquaculture feed and waste management</li> <li>➤ Monitoring in every Semester during operation phase</li> </ul>	PISU, FMU, local community

Key Activities (likely to cause negative impacts)	Potential Impacts and/or Risk	Location	Mitigation and/or Enhancement Measures	Monitoring	Responsible Institution
			<ul style="list-style-type: none"> <li>➤ Alkaline soils (with pH of 7 and above) are preferable to avoid problems resulting from acid-sulfate soils such as poor fertilizer response, low natural food production and slow growth of cultured species and probable fish kills.</li> <li>➤ Acid and organic soils (high in humus or compost) are not suitable.</li> </ul>		

#### D. Staff Requirement and Budget

64. The EA will hire an environmental safeguards specialist two social safeguards specialists and a safeguards information system specialist as part of PISU. The specialists will be accountable for implementing the EARF. The total budget for environmental management is estimated at Rp. 2.9 billion. The budget includes costs associated with environmental safeguards specialists, preparation of the UKL or UPL or SPPL documents, environmental permits, environmental monitoring (including field trips, auditing, and lab fees), development and implementation of environmental management plan (EMP) including costs for monitoring and mitigation during pre-construction, construction and operation phases, and training.

**Table 2: Budget for Environmental Activities**

Item	Unit Costs	Total Amount (Rp)
1. National Environmental Safeguards Specialist	Rp. 18 million /month for 30 months	540,000,000
2. National Safeguards Information System Specialist	Rp. 18 million/ month for 30 months	540,000,000
3. UKL or UPL and/or SPPL preparation ( <i>and additions related to IEE requirements</i> )	Rp. 400 million per district x 2 districts	800,000,000
4. Budget for EMP, including monitoring and mitigation measures	Details to be elaborated during implementation	600,000,000
5. Training and Workshops on environmental management	For project staff and communities	200,000,000
6. Environmental Permit	Rp. 10 million per district x 2 districts	20,000,000
7. Water, soil, & air quality monitoring (tests)*	Rp. 50 million per monitoring (twice a year for 2 years)	200,000,000
<b>TOTAL (IDR)</b>		<b>2,900,000,000</b>

Notes:

\*Monitoring is funded for only two years by the project

Travel costs are included in operational cost. Environmental assessment cost in the budget includes activities 3, 6 and 7 in the table.

#### VII. PUBLIC CONSULTATION AND DISCLOSURE

65. The public consultation concerning Community-Focused Investments to Address Deforestation and Forest Degradation has been undertaken several times in November and December 2014. Public consultation has been undertaken several times in Kapuas Hulu district especially for Bungan Jaya village. A public consultation in Putussibau in early April 2015 was attended by the FMU, head of Putussibau Selatan sub district and the officer of Bappeda of Kapuas Hulu district. Most of the participants agreed to welcome this project in these villages, but further investigation is required to ascertain the livelihood outcomes most appropriate to the community.

66. The public consultation in Sintang district was held on 7 April 2015 and was attended by the head of each village and some community members in Sintang. Most of the public consultation participants agreed to implement this project in their villages. An additional livelihood improvement was included during the meeting on 29 March 2015, that is the equipment for post-harvest traditional processing technology such as coffee processing (drying, soaking and processing) and seed for horticulture (home gardening).

67. Households or groups of households wishing to complain about the effects of construction works on their property, production system, economic well-being, spiritual life, quality of surface and ground water, quality of air, health, safety, welfare, or any other aspect of their lives shall make their complaint using the standard complaint form provided by the grievance redress mechanism.

68. **Information disclosure.** PISU shall be responsible for ensuring that all environmental assessment documents and environmental monitoring reports are properly and systematically kept as part of the project record. PISU shall make these documents available in a form, language and at a location in which can be easily accessed by stakeholders.

## **VIII. GRIEVANCE REDRESS MECHANISM**

### **A. The Grievance Redress Framework**

69. The grievance redress mechanism (GRM) is designed for people seeking satisfactory resolution of their complaints regarding the environmental performance of the project. The mechanism will ensure that (i) the basic rights and interests of every effected people are protected; and (ii) their concerns arising during the phases of design, construction and operation activities are effectively and timely addressed.

70. The PISU, the province and the regency concerned will make the public aware of the GRM through public awareness campaigns, training and capacity building. Each office will nominate and train one of their staff to be a grievance point person (GPP) for environment related issues. Any person who has complaints regarding the environmental performance of the subproject during pre-construction, construction and operation phases shall have access to the GRM described in the subsequent section.

71. The GPP will ensure that: (i) the GRM and the contact details of the GPPs are publicly disclosed, and posted in the offices of the affected communes and in strategic places of the subproject's area of influence; (ii) the GRM is accessible to all affected communities; (iii) the public, especially the residents and passers-by in the vicinities of influence of the subproject, are aware of their rights to access, and shall have access to, the mechanism free of administrative and legal charges; and (iv) a registry of grievances received is maintained for reporting to ADB and higher government authorities on associated follow-up, resolution or non-resolution of issues.

72. Based on ADB's requirements, the following will be posted on ADB website:

- (i) The final IEE, upon receipt;
- (ii) A new or updated IEE, if prepared, reflecting significant changes in the project during design or implementation;
- (iii) Corrective action plan prepared during project implementation to address unanticipated environmental impacts and to rectify non-compliance to EMP provisions; and
- (iv) Environmental monitoring reports.

### **B. The Time Frame and Mechanisms to Resolve Complaints**

73. The grievance redress unit (GRU) will follow up the grievances with the PISU. Following these discussions and agreement a letter of closure will be issued. Activities include undertaking

capacity building sessions in the regular monthly meetings with the local facilitators and following the joint inspection conduct with the contractors and PISU to verify the grievances.

74. **Follow up grievances.**The GRU team will verify new submitted grievances and follow up grievances which have not been resolved by the PISU. The team will also cooperate with the local facilitators and affected people based on the GRM. Following these discussions and agreements, Letters of Agreement and Closure will be issued.

75. **Local facilitator - regular coordination meeting.** The coordination meeting with the local facilitators aims to strengthen the relationship between the local facilitators and the PISU and also to submit monthly reports related to new grievances, Letters of Agreement, Letters of Closure, and construction reports in each activity with potential to create new grievances. In the coordination meeting the GRU will provide a session to strengthen the capacity of the local facilitators in performing their duties and functions. This meeting will also invite contractors, supervising staff and the PISU to share information on the project development and also their experience in handling grievances.

76. **Findings.** Since the GRM was shared within the affected communities and with other key stakeholder, all findings will be verified through the joint inspection, local facilitators' site visits and PISU supervision activities and will be registered in the grievance logbook.

77. **Update outstanding grievances status.** GRU will also follow up some outstanding grievances registered through the GRM. The mechanism helps the GRU to immediately respond and follow up grievances appropriately. With assistance from stakeholders, the outstanding grievances will be updated each month. The suggestion form is shown in **Table 3**. The environmental impact related GRM will be integrated with the project's overall GRM mechanism.

**Table 3: Form of Updated Outstanding Grievances Status**

No.	Log Complaint No.	Complainant	Location	Follow Up	Status*
					<p><i>Note:*</i> GRU only use three types of status in order to simplify the grievance progress.</p> <p><i>Reported:</i>Grievance had been verified through fact-finding or inspection which cooperated with related parties, and reported to PISU, and or responsible parties</p> <p><i>In Progress:</i>A reported grievance has been handled by responsible parties to be in process of resolution and it has been agreed through Letter of Agreement; and the work of agreement is executing or would be executed immediately.</p> <p><i>Closed:</i>The resolution of the work of agreement had been done.</p> <p>This condition is supported with Letter of Closure that acknowledged by related parties especially the complainant.</p>

## **IX. CONSERVATION OF PHYSICAL AND CULTURAL RESOURCES**

78. The environmental assessment team will conserve physical and cultural resources and avoid damaging them during field survey's and other investigations by employing qualified and experienced experts. Best practice chance find procedures will be instituted for materials that may be discovered during project implementation.

## **X. FINDINGS, CONSULTATION, AND RECOMMENDATIONS**

79. The project will generate positive environmental impacts and provide sources of income for some households. However, some of the project activities may generate localized, manageable negative environmental impacts. These impacts have been identified along with appropriate measures to prevent or mitigate them.

80. All project activities that will be defined during implementation will be subject to review for environmental impact during the planning stage and further, if and as required during detailed design, construction and operation.

81. There are no significant negative environmental impacts anticipated in the two subprojects. A screening process has been designed to identify minor negative impacts and a standard operating procedure will be put in place to successfully implement the environmental mitigation and monitoring.

82. Based on this IEE, a full AMDAL is not considered necessary and this document is therefore a complete and final environmental assessment. The IEE document will be processed to obtain the Environmental Permit (based on Government Regulation No. 27/2012 on Environmental Permits).

**Annex 1: REA Checklist for Bungan Jaya  
Rapid Environmental Assessment (REA) Checklist**

**Instructions:**

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (SDES) for endorsement by Director, SDES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures.

<b>Country/Project Title:</b>	Indonesia/Community-Focused Investment to Address Deforestation and Forest Degradation
<b>Sector Division:</b>	Bungan Jaya

Screening Questions	Yes	No	Remarks
<b>A. Project siting</b>			
Is the project area adjacent to or within any of the following environmentally sensitive areas?		v	
Cultural heritage site		v	
Protected area	v		Based on the Forest Spatial Plan, 2014 that Bungan Jaya Village is located as an enclave in Protection Forest.
Wetland		v	
Mangrove		v	
Estuarine		v	
Buffer zone of protected area		v	The location is adjacent to the river Kapuas
Special area for protecting biodiversity		v	Bungan Jaya village is located close with Betung Kerihun National Park
<b>B. Potential environmental impacts will the project cause...</b>			
Increase in soil erosion and siltation?		v	
Increase in peak and flood flows?		v	
Loss of downstream beneficial uses (water supply or fisheries)?		v	
Impairment of ecological and recreational opportunities?		v	
Impairment of beneficial uses of traditional forests?		v	
Any loss of precious ecology?		v	
Possible conflicts with established management policies?		v	
Dislocation or involuntary resettlement of people?		v	

Screening Questions	Yes	No	Remarks
Loss of downstream ecological and economic functions due to any construction of social infrastructure (e.g., road, training or information center, office or housing)?		v	This location adjacent of Kapuas river.
Displacement of people or reduce their access to forest resources?		v	
Disproportionate impacts on the poor, women and children, indigenous peoples or other vulnerable groups?		v	
Uncontrolled in-migration, including the influx of workers and their followers, with opening of roads to forest area and overloading of social infrastructure?		v	
Unnecessary loss of ecological value and decreased biodiversity by replacement of natural forest with plantation with limited number of species?		v	Project activities will not take place in natural forest.
Technology or land use modification that may change present social and economic activities?		v	
Ecological problems as well as community health and safety hazards due to land clearance prior to reforestation (e.g. soil erosion, disruption of hydrological cycle, loss of nutrients, and decline in soil fertility)?		v	
Other ecological problems as well as community health and safety hazards (e.g., pollution of water bodies from fertilizers, pesticides, and herbicides used in the plantation)?		v	
Dangers to a safe and healthy working environment due to physical, chemical and biological hazards during project construction and operation?		v	
Social problems and conflicts related to land tenure and resource use rights?		v	The project plan includes public consultations as well as it promotes the planning program which considers the land tenure and spatial plan
Social conflicts if workers from other regions or countries are hired?		v	Most labor is provided by the own participated household members, particularly for the establishment of agro forest in bare lands belonging to the people.
Risks to community health and safety due to the transport, storage and/or disposal of materials such as explosives, fuel, pesticide and other chemicals during construction and operation?		v	

**ANNEX 2: REA Checklist for Tanjung Sari District Project  
Rapid Environmental Assessment (REA) Checklist**

**Country/Project Title:** Indonesian/ Community-Focused Investment to Address Deforestation and Forest Degradation

**Sector Division:** Tanjung Sari

Screening Questions	Yes	No	Remarks
<b>A. Project siting</b> Is the project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Cultural heritage site		v	
▪ Protected area		v	
▪ Wetland		v	
▪ Mangrove		v	
▪ Estuarine		v	
▪ Buffer zone of protected area		v	The location is adjacent to the Kapuas River.
▪ Special area for protecting biodiversity		v	
<b>B. Potential environmental impacts</b> Will the project cause...			
▪ Increase in soil erosion and siltation?		v	
▪ Increase in peak and flood flows?		v	
▪ Loss of downstream beneficial uses (water supply or fisheries)?		v	
▪ Impairment of ecological and recreational opportunities?		v	
▪ Impairment of beneficial uses of traditional forests?		v	
▪ Any loss of precious ecology?		v	
▪ Possible conflicts with established management policies?		v	
▪ Dislocation or involuntary resettlement of people?		v	
▪ Loss of downstream ecological and economic functions due to any construction of social infrastructure (e.g., road, training or informationcenter, office or housing)?		v	
▪ Displacement of people or reduce their access to forest resources?		v	
▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?		v	
▪ Uncontrolled in-migration, including the influx of workers and their followers, with opening of roads to forest area and overloading of social infrastructure?		v	

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> <li>▪ Unnecessary loss of ecological value and decreased biodiversity by replacement of natural forest with plantation with limited number of species?</li> </ul>		v	This project activities are not in the natural forest
<ul style="list-style-type: none"> <li>▪ Technology or land use modification that may change present social and economic activities?</li> </ul>		v	
<ul style="list-style-type: none"> <li>▪ Ecological problems as well as community health and safety hazards due to land clearance prior to reforestation (e.g., soil erosion, disruption of hydrological cycle, loss of nutrients, and decline in soil fertility)?</li> </ul>		v	
<ul style="list-style-type: none"> <li>▪ Other ecological problems as well as community health and safety hazards (e.g., pollution of water bodies from fertilizers, pesticides, and herbicides used in the plantation)?</li> </ul>		v	
<ul style="list-style-type: none"> <li>▪ Dangers to a safe and healthy working environment due to physical, chemical and biological hazards during project construction and operation?</li> </ul>		v	
<ul style="list-style-type: none"> <li>▪ Social problems and conflicts related to land tenure and resource use rights?</li> </ul>		v	The project plan includes public consultations as well as it promotes the planning program which considers the land tenure and spatial plan
<ul style="list-style-type: none"> <li>▪ Social conflicts if workers from other regions or countries are hired?</li> </ul>		v	Most labor is provided by the own participated household members, particularly for the establishment of agro forest in bare lands belonging to the people.
<ul style="list-style-type: none"> <li>▪ Risks to community health and safety due to the transport, storage and/or disposal of materials such as explosives, fuel, pesticide and other chemicals during construction and operation?</li> </ul>		v	

**A Checklist for Preliminary Climate Risk Screening**  
**Country/Project Title: INO:Community-Focused Investments to Address Deforestation and Forest Degradation**

<b>Sector:</b>		<b>Score</b>	<b>Remarks<sup>5</sup></b>
<b>Subsector:</b>			
<b>Division/Department:</b>			
<b>Screening Questions</b>			
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?	0	
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc)?	0	
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?	0	
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s) ?	0	
<b>Performance of project outputs</b>	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?	0	

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** Low

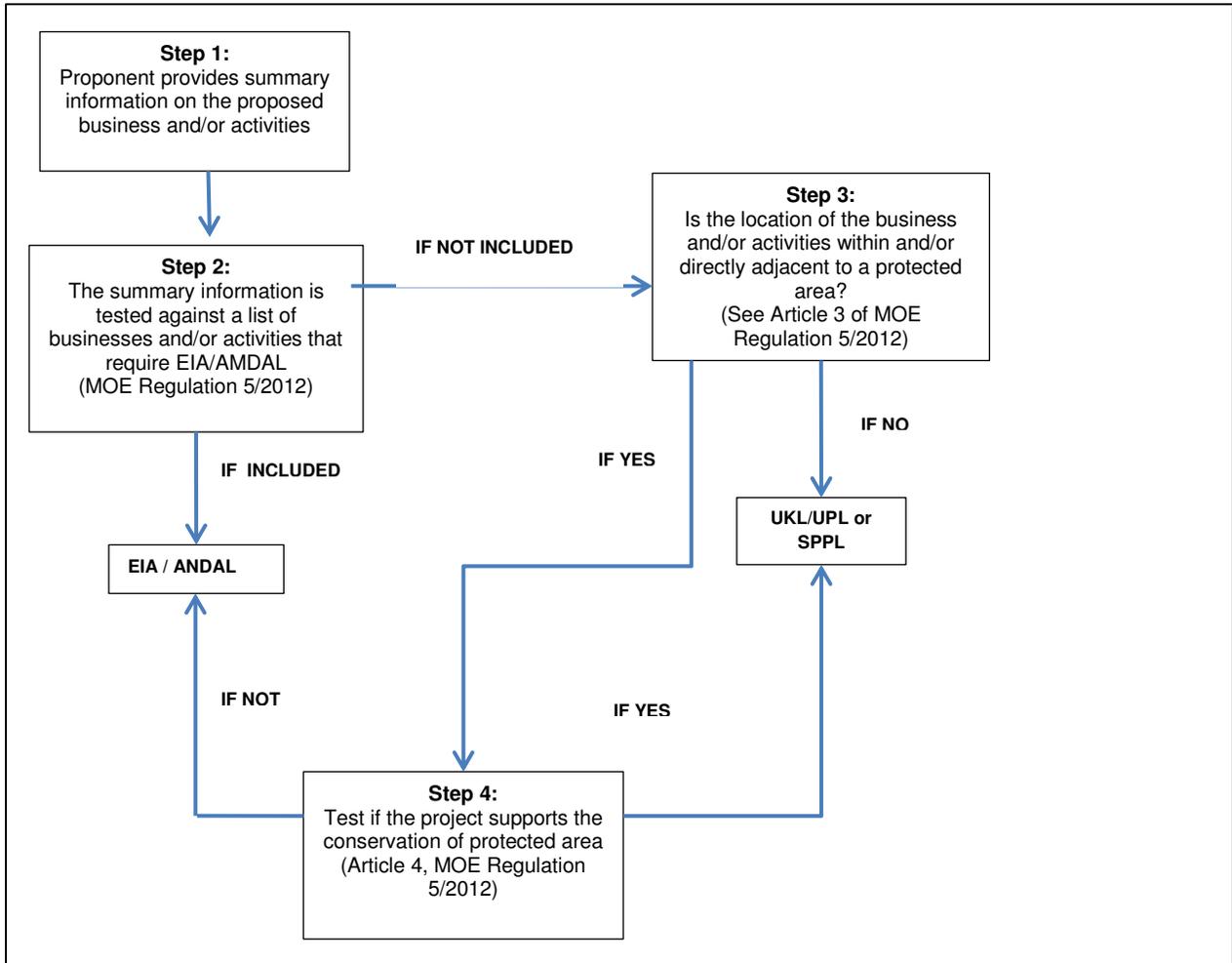
**Other Comments:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

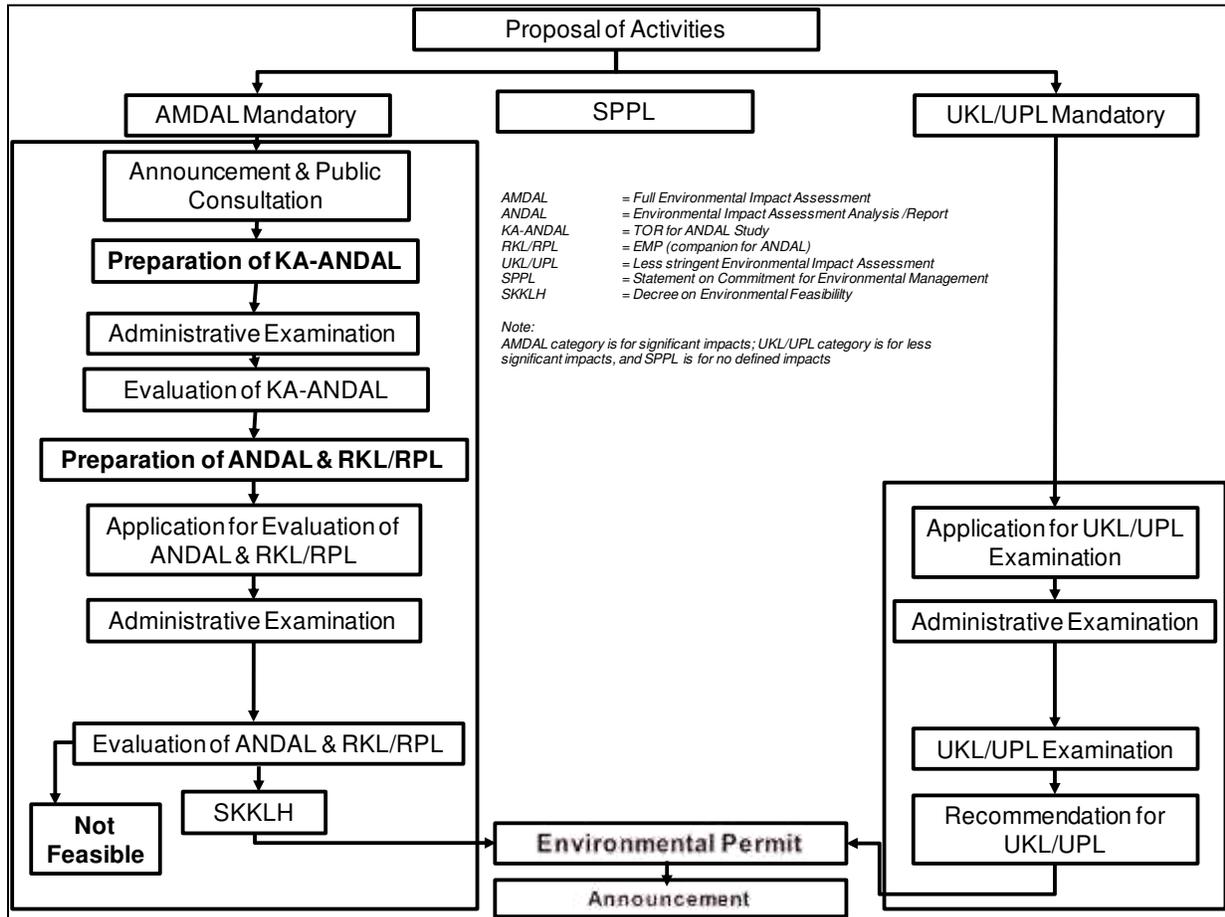
<sup>5</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

### Annex 3 :Environment Screening Process

(Based on Minister of the Environment Regulation No 5/2012)



**Annex 4: Flowchart of Indonesian Environmental Clearance<sup>6</sup>**



Source: ADB. 2015. EARF for Indonesia: Flood Management in Selected River Basins Sector Project. Prepared by Ministry of Public Works and Housing of the Republic of Indonesia (June 2015).

<sup>6</sup> 'AMDAL' refers to the whole environmental impact assessment process, whereas ANDAL refers specifically to the environmental impact analysis. This ANDAL analysis is supported with a RKL/RPL (~EMP) to manage and monitor impacts.

# Resettlement Framework

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Document Status: Draft for FIP Subcommittee Review  
Project Number: 47084  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(as of 25 June 2016)

Currency unit - rupiah (Rp)

Rp1.00 = \$0.000074

\$1.00 = Rp13,415

## ABBREVIATIONS

ADB	–	Asian Development Bank
AP	–	affected person
BPN	–	Badan Pertanahan Nasional (National Land Agency)
DMS	–	detailed measurement survey
EA	–	executing agency
FMU	–	Kesatuan Pengelolaan Hutan (forest management unit)
GOI	–	Government of Indonesia
IA	–	implementing agency
IR	–	involuntary resettlement
LA	–	land acquisition
LARF	–	land acquisition and resettlement framework
LARP	–	land acquisition and resettlement plan
PISU	–	project implementation supporting unit
REDD+	–	reduced emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon (+ refers to the last three phrases)
SPS	–	Safeguards Policy Statement

## DEFINITIONS OF TERMS

Affected Community/ Households/ Persons/ Entitled Party	Refers to any person or persons, customary or local community, private or public institution who are physically displaced (loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihood) as result of i) acquisition of land; ii) restriction on land use or on access to legally designated parks and protected areas. The affected community/households/person are those who control or possess an object land acquisition.
Census of affected persons	The census is a count of all displaced persons irrespective of their titled or non-titled land ownership status. Its purpose is to accurately document the number of displaced persons and to create an inventory of their losses finalized on the basis of a detailed measurement survey (DMS).
Compensation	Proper and equitable replacement provided in the form of cash or other agreed in kind at replacement cost to the affected person/ entitled party in the process of land acquisition / resettlement for the assets and livelihoods lost or affected by the project.
Corridor of Impact	Area, which is impacted by civil works in the implementation of any FIP subproject. It is important in two particular respects: (a) Legally as the area within which AHs will be entitled to compensation and other measures for any loss of land, structures or land use and occupation and of livelihoods and (b) Operationally as the agreed and demarcated area within which construction activities will take place.
Customary rights and its equivalents in indigenous peoples	A power that, based on the customary law, is held by particular indigenous peoples over certain areas in which the peoples live and benefit from the natural resources, including lands therein, for the life needs and life, that emerges from physical and mental relationship hereditarily and in a manner that reflects intact relationship between the indigenous peoples and the areas in question. (Joint Regulation Of Minister Of Home Affairs, Minister Of Forestry, Minister Of Public Works And Head Of National Land Agency On Procedure Of Resolution Of Land Tenurial Issues In Forest Areas (2014))
Cut-off date	The date prior to which the occupation or use of the project area make residents or users of the same eligible to be categorized as AP or entitled party to receive compensation and other assistances. The cut-off-date will coincide with the census of APs or entitled parties and the IOL that will be conducted by the National Agency implementing land acquisition.
Detailed Measurement Survey	With the use of approved detailed engineering drawings, this activity involves the finalization and/or validation of the results of the IOL, severity of impacts, and list of APs done during the

preparation of the land acquisition and resettlement plan (LARP). The updating will be carried out during land acquisition implementation phase undertaken by the land acquisition team led by land office.

Eminent domain/ Compulsory Land Acquisition	The right of the state using its sovereign power to acquire land for public purposes. National law establishes which public agencies have the prerogative to exercise eminent domain.
Entitled party	Party that controls or possesses land acquisition object.
Entitlement	Refers to a range of measures of compensation and other forms of assistance provided to displaced/ entitled persons in the respective eligibility category.
Forest	A single unit of ecosystem of landscape containing bio-natural resources dominated by trees in association with the environment, which cannot be separated one another. (Joint Regulation Of Minister Of Home Affairs, Minister Of Forestry, Minister Of Public Works And Head Of National Land Agency On Procedure Of Resolution Of Land Tenurial Issues In Forest Areas (2014).
Hak Ulayat	The authority of <i>masyarakat hukum adat</i> or customary community to collectively govern use of their territory, land and natural resources as the source for their livelihood.
Impact	Extent of social and economic impacts resulting from the implementation of an activity. In land acquisition/resettlement, the degree of impact will be determined by (a) scope of economic loss and physical displacement/relocation; and (b) vulnerability of the affected population/entitled party. Impact can be positive or negative.
Income restoration	This involves rehabilitating the sources of income and productive livelihoods of severely affected and vulnerable APs to enable income generation equal to or, if possible, better than earned by displaced persons before resettlement.
Inventory of Losses	This is the listing of assets as a preliminary record of affected or lost assets during the preparation of LARP where all fixed assets (i.e., land used for residence, commerce, agriculture; dwelling units; stalls and shops; secondary structures, such as fences, tombs, wells; standing crops and trees with commercial value; etc.) and sources of income and livelihood inside the corridor of impact are identified, measured, their owners identified, their exact location pinpointed, and their replacement costs calculated. The severity of impact on the affected assets and the severity of impact on the livelihood and productive capacity of the Affected Persons or entitled parties are likewise determined.

Land acquisition	Land Acquisition activity by way of giving compensation and other measures adequately and at replacement costs for damages/loss to the entitled parties / affected populations in order to reduce adverse social impacts due to the project. Land acquisition and resettlement are conducted involuntary for the benefit of the project.
Land Tenure, Ownership and Use Inventorying	Hereinafter referred to as IP4T: an activity of collecting data on land tenure, ownership and use for further processing using geographic information system to produce maps and information on land tenure by the applicant. (Joint Regulation Of Minister Of Home Affairs, Minister Of Forestry, Minister Of Public Works And Head Of National Land Agency On Procedure Of Resolution Of Land Tenurial Issues In Forest Areas (2014))
Masyarakat Hukum Adat	A group of people living in a certain geographic area for generations in the Republic of Indonesia bound to their ancestors, inherently maintaining close relations with the environment. Their cultural values define their economic and social systems and legal order.
Relocation	The physical displacement of an AP from his/her pre-project place of residence and/or business.
Replacement cost	Amount in cash or in kind needed to replace an asset in its existing condition, without deduction for transaction costs or depreciation, at prevailing market value, or its nearest equivalent, at the time of compensation payment.
Resettlement	It is the displacement of people, not of their own volition but involuntarily, from their homes, assets, sources of income and livelihood in the area impacted by the Project.
Land Acquisition and Resettlement Plan (LARP)	A time-bound action plan with budget, setting out the resettlement objectives and strategies, entitlements, activities and responsibilities, resettlement monitoring, and resettlement evaluation.
Severely affected persons	This refers to Affected/ displaced Persons who will i) lose 10% or more of their total productive assets, ii) have to relocate, and/or iii) lose 10% or more of their total income sources due to the project.

**Vulnerable groups**

These are distinct groups of people who might suffer more or face the risk of being further marginalized due to the project and specifically include households: i) headed by women, ii) headed by persons with disabilities, iii) falling under the regional poverty line, and iv) headed by elderly.

**NOTE**

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

### A. Project Description

1. As a pilot country of the Forest Investment Program (FIP)<sup>1</sup> under Climate Investment Funds, the Government of Indonesia (the government) prepared a forest investment plan with support from the Asian Development Bank (ADB), World Bank and International Finance Corporation (IFC). The “Community-Focused Investments to Address Deforestation and Forest Degradation” project is one of the projects of the forest investment plan to be administered by ADB. The project will support the government and customary communities in their efforts to sustainably manage forests and reduce greenhouse gas (GHG) emissions through enhancing institutional and technical capacity, and improving livelihood of rural communities to address drivers of deforestation and forest degradation. The project will support implementation of community-focused and gender-responsive pilots for reducing emissions from deforestation and forest degradation (REDD+) in five forest management units (FMUs) in Kapuas Hulu and Sintang districts of West Kalimantan province, one of the top five provinces contributing to GHG emissions with a mean deforestation rate of 132,500 ha per year.

2. The project will invest in community-focused activities (e.g. community-based land use planning, community-led forest monitoring and forest fire management, community-assisted forest regeneration and maintenance, community-based ecotourism) in selected districts and/or forest management units (FMUs) to address deforestation drivers such as illegal logging, forest conversion to agriculture, and uncontrolled fires. The project will strengthen the capacities of the local governments in West Kalimantan province, provide policy support to harmonize sub-national fiscal policies for REDD+ with national policies, and establish non-monetary incentives, safeguard systems and equitable and gender-responsive benefit sharing arrangement. By promoting sustainable forest management, the project will not only reduce greenhouse gas (GHG) emissions and enhance carbon stocks, but also provide livelihood co-benefits such as poverty reduction, improved quality of life for forest communities, protection of customary community tenure rights, and enhanced conservation of biodiversity and ecosystem services.

3. **Impact and Outcome:** The impact will be increased environmental and livelihood benefits. The outcome will be improved REDD+ implementation in project areas of West Kalimantan province.

#### 4. **Outputs:**

- a. Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts. Key activities under this output are:
  - (i) Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure.

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<sup>1</sup> Forest Investment Program (FIP) is one of the three sub-programs under Strategic Climate Fund of Climate Investment Funds (CIF). FIP sub-committee endorsed investment plan ([https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_6\\_Indonesia\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf)) in November 2012 for \$70 million (\$37.5 million grant and \$32.5 million soft loan). The ADB and the World Bank are the partner agencies for the grants while the IFC will provide soft loans. The World Bank project will support decentralized forest management by enabling institutional arrangements at national level and operationalizing FMUs. The IFC project will demonstrate replicable REDD+ business models for small and medium enterprises.

- (ii) Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES.
  - (iii) Formulate community-based forest management (CBFM) agreements with local communities, including women.
  - (iv) Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development.
  - (v) Establish a REDD+ monitoring and safeguards information system, with geospatial databases.
  - (vi) Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans.
  - (vii) Support establishment of FMU “block XXI” and prepare its long-term business plan.
  - (viii) Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction.
  - (ix) Implement REDD+ pilots<sup>1</sup> with local communities, including women, to generate income and reduce emissions.
  - (x) Provide equipment and training for community-based forest fire management.
- b. Provincial REDD+ strategy in West Kalimantan effectively implemented. Key activities under this output include the following:
- (i) Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure.
  - (ii) Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations.
  - (iii) Establish a provincial monitoring system and safeguards information system for REDD+.
  - (iv) Establish a grievance redress mechanism on tenure and REDD+ activities.
- c. Sub-national fiscal policies on REDD+ harmonized with national policies. Key activities are the following:
- (i) Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper.
  - (ii) Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure.
  - (iii) Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization.
  - (iv) Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.

**B. Project Location**

5. The project will be implemented in 17 villages of five FMUs in Sintang and Kapuas Hulu districts of West Kalimantan province. Of these, six villages in Kapuas Hulu district (Bunut Hulu, Nanga Tuan, Nanga Nyabau, Rantau Prapat, Sibau Hulu, and Sibau Hilir); and four villages in Sintang district - Kayu Dujung, Senangan Kecil, Radin Jaya, and Tanjung Sari are proposed for land-based interventions. All these 10 villages are located in forest area (*Kawasan Hutan*), area which belongs to the State. In addition, there are seven villages located next to demonstration activities area to support the effectiveness of REDD+ related targets. These seven villages are in non-forest area, or legally known as Area Penggunaan Lain (APL). Figures 1 and 2 shows the current land use of the two districts with proposed FIP interventions.

**C. Anticipated Involuntary Resettlement**

6. Based on field surveys during project preparation stage, it was determined that a few potential negative impacts may result from the implementation of activities under output 1 of the project. They include (i) potential economic displacement or restriction to access among households in utilizing the land due to the development of spatial and business plans for FMUs; and (ii) permanent and/or temporary losses of small areas of land due to rehabilitation of rural roads for commodity transportation and for construction works required for implementation of REDD+ pilots. The implementation of these activities will include the development of supporting facilities which may include: installation of micro-hydro for village electricity supply, solar panels, ecotourism facilities, and small-scale village infrastructure. Village road rehabilitation along around 2 km per village will be built on the existing road, so that the additional land acquisition per village is expected not more than 2,000 m<sup>2</sup> (0.2 hectares), while the micro hydropower might require around 500 m<sup>2</sup>. (see Table 1 below)

**Figure 1. Location of Project Interventions in Kapuas Hulu District**

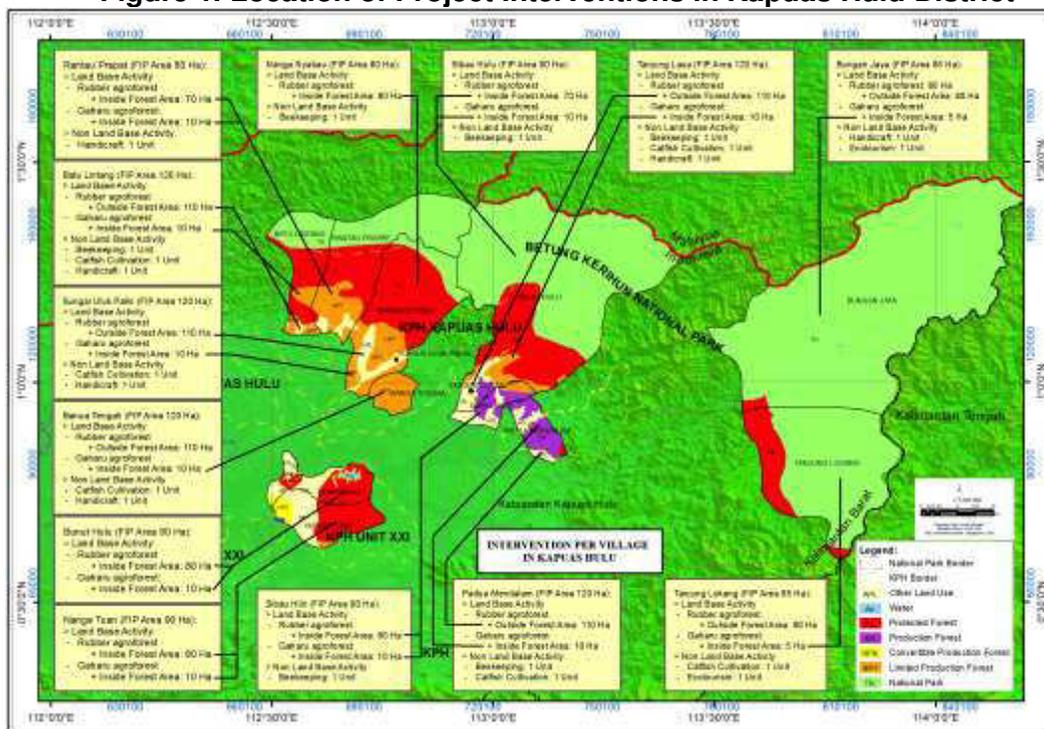
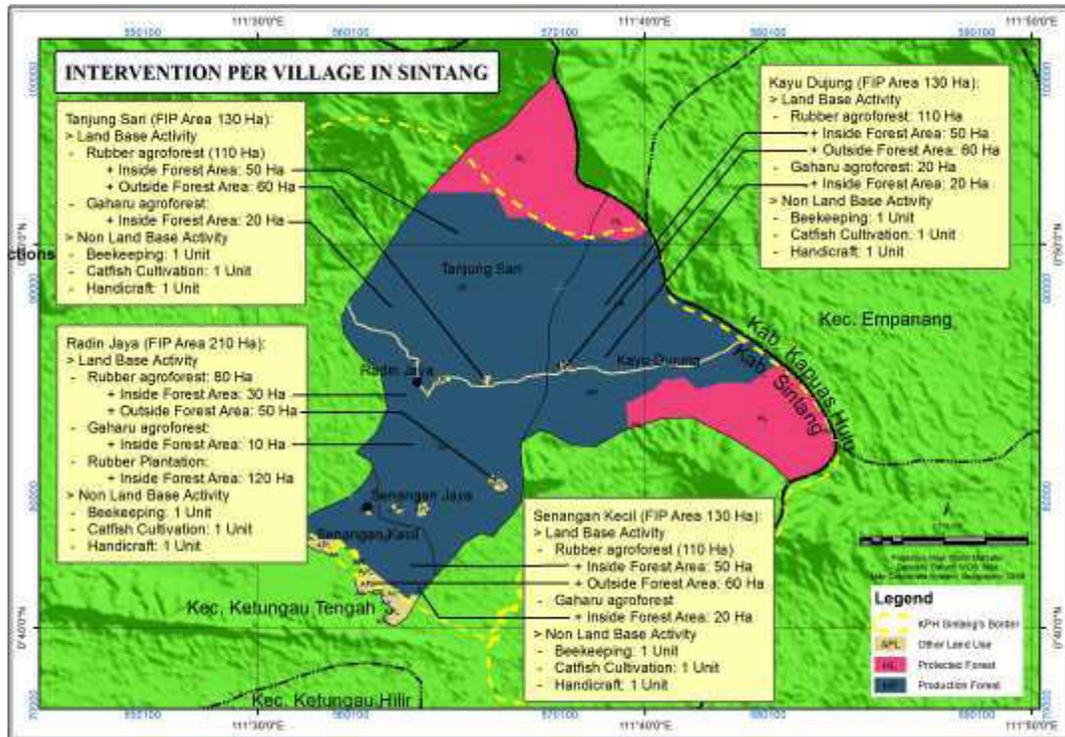


Figure 2. Location of Project Interventions in Sintang District



7. Potential restriction of local communities and indigenous groups to access land and natural resources may occur as the regional governments will regulate and/or strengthen further/current use of land and forest resources to combat deforestation and land degradation.

**Table 1. IR impacts and mitigation measures by outputs**

Project output / Type of subprojects	Anticipated IR impacts	Mitigating measure
<p><b>Output 1.</b> Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.</p> <p>1.1 REDD+ pilots livelihood program implemented with local communities (including women) includes non-land based activities (including NTFPs) - beekeeping, fish culture, handicrafts, community based ecotourism, and land based activities including 1880 ha of: agroforestry systems (rubber-coffee and rubber-gaharu), and rubber plantation. The implementation of these activities will include training as required and the development of supporting facilities, which may include: micro-hydro and small-scaled village Infrastructure (including small roads rehabilitation (2km and 2m wide per village) and facilities for ecotourism).</p> <p>1.2. Development of spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans</p>	<ul style="list-style-type: none"> <li>• Permanent and temporary losses of small areas of land due to rehabilitation/ construction works may be unavoidable., In addition loss of crops and trees may occur, although not expected to cause severe impacts since rehabilitation works will be carried out within existing right-of-way or, if any ,additional land will be expected to be minor. Loss of structure is not expected.</li> <li>• Economic displacement or restriction to access among households traditionally utilizing the area; affect access to land and forest resources;</li> <li>• Classification and zoning under spatial planning<sup>2</sup> may restrict access to areas and resources presently available to MHAs</li> </ul>	<ul style="list-style-type: none"> <li>• Secure broad community support/ FPIC. Village regulations and or customary regulations on the protection of customary and local community have to be crafted. Provide transformative perspective on social relations such as understanding the nature of collective work on shifting cultivation may be harnessed into cooperative movement.</li> <li>• Provide compensation for lost land and non-land asset loss through several options: <ul style="list-style-type: none"> <li>▪ Land replacement (arable land)</li> <li>▪ Cash compensation with the amount determined by the local government/village and participate in the livelihood program under output 1</li> </ul> </li> <li>• In case of voluntary donation, the APs will be provided with the participation of the land based livelihood program</li> <li>• FMU authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate meaningful and effective participation. Social preparation has to be considered and planned well with communities.</li> <li>• Providing alternative livelihood for household income design in close participation of communities</li> <li>• Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</li> </ul>
<p><b>Output 2.</b> Provincial REDD+ strategy in West Kalimantan effectively implemented</p> <p>2.1 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations.</p>	<ul style="list-style-type: none"> <li>• Economic displacement or restriction to access among households traditionally utilizing the area; access to land and forest resources affected;</li> </ul>	<ul style="list-style-type: none"> <li>• Forestry authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate meaningful and effective participation. Social preparation has to be considered and planned well with communities</li> <li>• Providing alternative livelihood for household income design in close participation of communities</li> <li>• Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</li> </ul>

<sup>2</sup> A system and process of planning spatial layout, spatial use and spatial use control. Joint Regulation of Minister of Home Affairs, Minister of Forestry, Minister of Public Works and Head of National Land Agency on Procedure of Resolution of Land Tenurial Issues in Forest Areas. 2014.

## **D. Rationale for Resettlement Framework**

8. The resettlement framework (RF) was prepared by the Directorate General of Social Forestry and Environmental Partnership (*Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat - BUPSHA*), MOEF as the executing agency (EA) of the project. The RF establishes basic principles and guidelines that should be adhered by the implementing agencies in the selection of subproject, screening and categorization of sub-projects, resettlement assessment, preparation and implementation of resettlement plan (RP) for the subprojects. Appendix 1 provides an outline of the preparation of RP.

9. FIP is set at category B levels for IR safeguards and any subproject with potential category A will be excluded in the project activities. Subprojects shall be selected based on a set of criteria established that include (i) located in and or nearby FMU area; (ii) poor communities who depend much on forest and forest land in making their living; (iii) expression of need or acceptance by community for the project. In anticipating negative impacts and taking appropriate mitigation measures the project needs community meaningful participation.

10. Despite the identification of participating villages for the project, details have not been prepared and finalized as this project is anchored on community-based forest management approaches requiring detailed plans from communities prior to project implementation. Should land acquisition and restriction to access be necessary, this Project will ensure that any negative impacts are avoided, properly managed and minimized and that a RP at district level will be prepared.

## **II. OBJECTIVES, POLICY FRAMEWORK, AND ENTITLEMENTS**

### **A. Objectives and Scope of the Resettlement Framework**

11. The project resettlement policy harmonizes relevant Indonesian laws and procedures with those of the ADB Safeguards Policy Statement (SPS). The objectives of this RF are to:

- (i) Avoid involuntary resettlement wherever possible;
- (ii) Minimize involuntary resettlement by exploring project and design alternatives;
- (iii) Enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to the pre-project levels; and
- (iv) Improve the standards of living of the displaced poor and other vulnerable groups.

### **B. Legal Framework**

#### **1. National Laws of the Government of Indonesia (GOI)**

12. The project will target the development of community investment for economic development and will involve upgrading simple village road, small irrigation, micro hydropower, and other community social infrastructure. These activities will require small plots of land and as the required lands are for the community-based development, the land will be acquired through negotiated land acquisition and in some cases the lands might be acquired through voluntary contribution. Potential impact on restrictions of access to land and natural resources due to activities of outputs 1 and 2 may occur.

13. **Act No. 2/2012 on Land Acquisition for the Development for the Public Interest and its implementing regulations.**<sup>3</sup> The main regulation applied for the project land acquisition is Act No 2/2012. The law stipulates that land acquisition should be undertaken by involving all concerned stakeholders and taking into account the interests of development and community. Land acquisition should be conducted by providing fair and adequate compensation to the entitled parties. The act recognizes that: (i) persons controlling and utilizing land are entitled to compensation; (ii) all losses — lost land and non-land assets, other structures that can be valued — should be evaluated by appraiser plot by plot; (iii) project location permit will be required that should refer to the spatial planning; (iv) land acquisition will be undertaken by National Land Agency. The implementing regulation of the Act No. 2/2012, the Presidential Regulation No. 40/2014 stipulates that land acquisition less than five hectares can be directly undertaken between agency needing the land and land rights holder by way of purchasing, exchange, or other means agreed by both parties.<sup>4</sup>

14. In the Act No. 2/2012, compensation for land acquisition objects covers “other appraisable loss” that means nonphysical loss equivalent to money value.<sup>5</sup> Therefore, losses in terms of restriction/limitation or restriction to access to natural resources such as marine-fishery resources that can impact on the economic activities of people are now categorized as losses by the Law and may be evaluated for compensation purposes.<sup>6</sup> The Land Law of 2012 specifically upholds the following: “(i) Acquisition of Land in the Public Interest shall be performed through planning involving all the guardians and stakeholders. *“Guardians” means, inter alia, customary leaders and clerics,*<sup>7</sup> and (ii) The giving of Compensation for Objects of the Acquired Land shall be directly made to the Entitled Party.<sup>8</sup> *Compensation for indigenous land shall be given in the form of substitute land, resettlements, or other forms as agreed upon by the relevant indigenous people. “Land tenure holders” means parties holding means of proof issued by the competent official documenting the existence of the relevant land tenure, for example, the holders of deed of sale and purchase of un retitled land, the holders of deed of sale and purchase of uncertified customary titles/rights, and the holders of dwelling permits.*”

15. **Joint Regulation of Ministry of Domestic Affairs, Ministry of Forestry, Ministry of Public Works, and Head of National Land Agency No. 79/ 2014, No. PB.3/Menhut--II/2014, No. 17/PRT/M/2014, No. 8/SKB/X/2014 on the Procedure for Settling the Land Control in Forestry Area.** This regulation was issued in order to resolve issues on people rights over forest areas, insofar as they still hold tenure over lands in forest areas and the rights are in compliance with the principles of the Unitary State of Indonesia, people rights need to be recognized and protected Article 1 (17) stipulates that recognition of right to lands is the granting of right to lands<sup>9</sup> which have no legal evidences of ownership but have been proven in fact that

<sup>3</sup> The regulations include Perpres No. 71/2012 on “Implementation of Land Acquisition for the Development of Public Interest”. The National Land Agency through Regulation No. 5/2012 issued the Implementation Guideline for Land Acquisition following Perpres No. 71/2012.

<sup>4</sup> Presidential Regulation No. 40/2014, Article 121.

<sup>5</sup> For example, loss due to loss of business or job, cost of change of location, cost of change of profession, and loss of value of the remaining property.

<sup>6</sup> The compensation for may be in any of the following forms (Article 36): (i) money; (ii) substitute land; (iii) resettlements ; (iv) shareholding ; or (v) other forms as agreed upon by both parties.

<sup>7</sup> See Law No. 2/2012, Art. 7: (3).

<sup>8</sup> Ibid, Art. 40: Those entitled shall be, inter alia: a. landholders; b. land concessionaires; c. waqf organizers, in the case of waqf land; d. ex-customary land owners; e. indigenous people; f. parties in possession of the state land in good faith; g. land tenure holders; and/or h. owners of buildings, plants or other objects related to land.

<sup>9</sup> Granting of land rights is governmental authorization that grants rights over State lands. Joint Regulation Of Minister Of Home Affairs, Minister Of Forestry, Minister Of Public Works And Head Of National Land Agency On Procedure Of Resolution Of Land Tenurial Issues In Forest Areas, 2014.

it has been physically controlled for 20 years as it is stated in the Article 61 of Agrarian Ministry/Head of National Land Agency Decree No. 3/1997. Article 9 of the Joint Regulation stipulates that recognition of rights<sup>10</sup> of customary communities is carried out in line with laws and regulations.<sup>11</sup>

16. **Forestry Acts (Act No. 5 of 1967 and Act No. 41 of 1999).** Act no. 41/1999 Law on Forestry regulates land acquisition in forests, requiring compensation land to be acquired for afforestation in a ratio of 2:1. A major ambiguity in Article 1 of the Forestry Law ruled that the word “state” should be scrapped in the provision: customary forests are state forests located in the areas of customary communities. Article 5 of the same law was revised to also show that state forest does not include customary forest. The ruling was made in favor of a petition filed by Indonesia’s national indigenous peoples’ alliance, AMAN (Aliansi Masyarakat Adat Nusantara)<sup>12</sup> in March 2012.

17. Other key laws and regulations that impinge on land acquisition and resettlement issues include:

- (i) Law 5 of 1960 on Basic Rules of Agrarian Principles (State Gazette of the Republic of Indonesia Year 1960 No. 104, Supplement of State Gazette of the Republic of Indonesia No. 2043); acknowledges customary rights of Indigenous Peoples (IPs).
- (ii) Act No. 39 of 1999 on Human Rights. Article 5, elucidation describes the vulnerable groups include the elderly, children, the poor, pregnant women and people with disabilities. Article 6 Para. 1: “In the framework of maintenance of human rights, the differences in and the needs of, adat law communities are observed and protected by the law of society and Government.” Article 6 Para. 2: “Cultural identity of *adat* law communities, including rights to *ulayat* land, is protected in line with the evolvement of time.” The Act further identifies vulnerable groups to include the elderly, children, the poor, pregnant women and people with disabilities. Articles 36 and 37 of Act 39 of 1999 concerning property rights and acquisition of property rights protect *adat* communities’ *ulayat* right. Thus, acquisition of *ulayat* land by government must be done through due process of law following the **free, prior and informed consent** of *adat* communities.
- (iii) Law 23 of 2014 on Local Governments. The law stipulates on the authority of the national government, provincial government, and district/city government on recognition of MHA, local wisdom or traditional knowledge and rights to local wisdom or traditional knowledge, rights of MHA to PPLH, and capacity building of MHA.

<sup>10</sup> A process of granting of rights whose ownership evidences are absent but have already been represented by the physical tenure for a period of twenty (20) years as provided under Article 61 of Regulation of State Minister of Agrarian Affairs/Head of National Land Agency No. 3/1997.

<sup>11</sup> This Joint Regulation is anchored on the following: (i) Constitutional Court Ruling No. 34/PUU-IX/2011 the State control of forests shall take into account and respect people land rights; (ii) Constitutional Court Ruling No. 45/PUU-IX/2011 Forest Area Designation shall immediately be finalized to generate legal and equitable forest areas; (iii) Constitutional Court Ruling No. 35/PUU-X/2012 customary forests are not State forests; (iv) Joint Memorandum of Understanding (Joint MOU) on Acceleration of Indonesian Forest Area Designation Process has been executed by 12 Ministries/State Agencies (11 March 2013).

<sup>12</sup> In 1999, a national congress of Indonesian indigenous peoples took place, attended by over 200 *adat* community representatives from 121 ethnic groups. The congress agreed to establish a national alliance of indigenous peoples, AMAN. By 2001, AMAN had 24 affiliated organizations in islands and provinces. It has several objectives, including the restoration to *adat* communities of sovereignty over their socioeconomic laws and cultural life, and control over their lands and natural resources and other livelihoods.

- (iv) Law No.11/2005 on the Ratification of the International Covenant on Economic, Social and Cultural Rights. This Act protects people rights of economy, social, and culture including right to live descent and protection of culture. As stated in Article 11 of the Convention, the state recognizes the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The State will take appropriate steps to ensure the realization of this right, recognizing the essential importance of international cooperation based on free and prior informed consent.
- (v) Law 26 of 2007 on Spatial Planning (State Gazette of the Republic of Indonesia Year 2007 No. 68, Supplement of State Gazette of the Republic of Indonesia No. 4725); provides that development and land acquisition in the public interest should be carried out in accordance with regional spatial planning.
- (vi) Presidential Decree No. 34/2003 on National Policy on Land regulates authorities of national and local governments on land. It stipulates that the authorities of local government on land include; i) undertake land acquisition for development; ii) provide compensation and allowance (*santunan*) for land acquisition.
- (vii) The Law No. 11/2009 on Social Welfare and its implementing regulation Ministry of Social Welfare Decree No. 39/2012 on Delivery of Welfare. Vulnerable / severely affected people are identified as early as possible through the Social Impact Assessment of AMDAL as referred to in the Environmental Law no. 32/2009 on Environmental Protection and Management; Indonesia Government
- (viii) Government regulation (PP) No. 38/2011 with regard to river management. Ministry of Public Work no. 63/ 1993 with regard to riverbank. Regulate riverbank (*Bantaran*) use, river and *Sempadan* right of way and benefits derived from the rivers/streams. The integrity of the riparian function is a key consideration in any review for status quo.
- (ix) Law 6 of 2014 on Village (State Gazette of the Republic of Indonesia Year 2014 No. 7, Supplement of State Gazette of the Republic of Indonesia No. 5495).

## **2. ADB Safeguards Policy Statement of 2009**

18. The objectives of the ADB social safeguards policy are to avoid involuntary resettlement whenever possible; to minimize involuntary resettlement by exploring project and design alternatives; and to enhance, or at least restore, the livelihoods of all displaced and vulnerable persons in real terms relative to pre-project levels, and to improve the standards of living of the displaced poor and other vulnerable groups.

19. The absence of legal title to land cannot be considered an obstacle to compensation and rehabilitation privileges per ADB policy. All persons affected by the project, especially the poor, landless, and semi-landless persons shall be included in the compensation, resettlement, and rehabilitation package. APs and/or AHs, whichever is deemed applicable, who are unable to demonstrate a legalizable or recognizable claim to the land being acquired will be eligible for compensation with respect to non-land assets only, and not the land itself. They will however be provided with other benefits and allowances as provided to other APs.

20. The following ADB SPS principles on involuntary resettlement are stipulated and will also apply to the project.

- (i) Carry out meaningful consultations with affected persons and relevant stakeholders. Inform all displaced persons of their entitlements and ensure their

participation in planning, implementation, and monitoring of resettlement programs. Pay particular attention to the needs of vulnerable groups and establish a grievance redress mechanism.

- (ii) Develop procedures in a transparent, consistent, and equitable manner, if land acquisition is through negotiated settlement in order to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- (iii) Prepare a RP elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- (iv) Disclose a draft RP including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final RP and its updates to affected persons and other stakeholders.
- (v) Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the RP have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

21. The ADB policy on IPs has been integrated with IR under the new ADB SPS and will likewise govern this RF. IP safeguards are triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of IPs or affects the territories or natural or cultural resources that IPs own, use, occupy, or claim as their AD.

22. The ADB policy on gender and development adopts gender mainstreaming as a key strategy for promoting gender equity, and for ensuring participation of women and that their needs are explicitly addressed in the decision-making process for development activities.

23. The ADB Public Communications Policy seeks to encourage the participation and understanding of people and other stakeholders affected by ADB-assisted activities. Information on ADB-funded projects should start early in the preparation phase and continue throughout all stages of project development, in order to facilitate dialogue with affected people and other stakeholders.

### **3. Comparison of Government Law and Regulations with ADB SPS and Proposed Project Principles**

24. While there will be issues on land acquisition and potential restriction on access to land and livelihood because of the village land use management, these are not foreseen to be major issue and will not trigger category A and relocation. This comparative analysis therefore limits its comparisons by not including relocation as an option.

25. The GOI enhanced its country system in order to address land acquisition issues for public interest development project purposes. The new Land Acquisition Law No. 2/2009 and its implementing rules and regulations approximate harmonization with the ADB SPS of 2009. The new law grants that persons with no legal title over the land they occupy or utilize are entitled to compensation<sup>13</sup> for improvements found thereon, including compensation for job and business

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<sup>13</sup> See Act No.2/2012 Elucidation of Article 40.

losses, moving cost,<sup>14</sup> etc. A land acquisition plan also needs to be prepared by the agency requiring land. People affected by land acquisition are consulted and their complaints heard and resolved in the most expeditious way during the planning and implementation of land acquisition.

26. Most of principles in Law No. 2/2012 have been in line with ADB SPS. However, there are still some gaps between the new Land Acquisition Law of Indonesia and ADB's SPS, but the gaps have been addressed by the provisions of other relevant laws, regulations, and guidance. Some gaps between ADB SPS 2009 and Indonesian government legislation are presented in Table 2.

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<sup>14</sup> Elucidation of Article 40 of Law No. 2/2012 with the the following provisions: For building rights or land use right, Compensation granted to the holder of building right or use rights on buildings, plants, or other objects related to land owned by him/her, while Compensation on land granted to the holder of the ownership or management rights.

**Table 2. Gaps between Government Land Acquisition Law and Regulations with ADB SPS and Proposed Project Principles**

Principles	Indonesian Regulations; Law No 2/2012 and Presidential Decree No. 71/2012	ADB Policy	Gaps	Project Policy
<p>Level of compensation and bases of calculation: Depreciation of affected structure value</p>	<p>Compensation will be provided based on valuation of independent appraiser for a parcel by parcel of land that include (i) land; (ii) over ground and underground spaces; (iii) building; (iv) plants; (v) objects related to land and/or; vi) other appraisable loss such loss of business, jobs, change of profession, and moving costs.</p> <p>For affected buildings, MAPPI applies <i>solatium</i> (emotional compensation) of 10% -30% of the total compensation for physical loss.</p>	<p>The rate of compensation will be calculated at full replacement cost that will be based on; (i) fair market value; (ii) transaction cost; (iii) interest accrued; (iv) transitional and restoration cost; and (v) other applicable payment. No deduction on taxes and administrative costs for affected lands, as well as depreciation in the value of the affected structure will be applied.</p>	<p>The law is silent on the issue of whether or not depreciation will be applied when calculating compensation for affected structures. Valuation standard set by Independent appraisers association (MAPPI) indicates that depreciation for physical condition of the affected building is applied in order to meet sense of justice.<sup>15</sup> For affected buildings, MAPPI applies <i>solatium</i> (emotional compensation) of 10% - 30% of the total compensation for physical loss.</p> <p>Tax incentive is provided to: (a) person who supports the project; (b) does not file a complaint related to project location determination and/or compensation.</p>	<p>Persons who own, control, use and utilize land acquisition object are entitled for compensation. Lack of formal legal title to land is not a bar to entitlement.</p> <p>The principle of full replacement cost will be applied. Capital gains tax and the costs of transferring ownership, including the cost of new land certificates, will not be deducted from the compensation of those who will lose lands.</p> <p>Non-structure is expected to be affected by the project. If any structure to be affected, compensation at full replacement cost for affected structures will be determined based on the replacement cost of a new building with adjustment with physical condition<sup>16</sup>. Depreciation deduction of the structures physical condition will be covered through the provision of emotional compensation (<i>solatium</i>). Dismantled materials become the property of the state.</p>

<sup>15</sup> Indonesia Valuation Standards 306 (SPI 306). Land Acquisition Assessment For Development for the Public Interest. Code of Ethics Indonesia Appraisers and Indonesia Standard, 2013, Jakarta, Gelora Karya Bharata, 2013.

<sup>16</sup> Compensation will be based on i) the market value; ii) transaction costs; iii) accrued interest; iv) transition costs and repairs; v) other applicable payments.

Principles	Indonesian Regulations; Law No 2/2012 and Presidential Decree No. 71/2012	ADB Policy	Gaps	Project Policy
Relocation assistance: Transitional allowance.	Resettlement is one of the compensation options that shall be given by the agency needing the lands via Land Acquisition Implementation Committee. The implementation of resettlement shall continue for maximum 1 (one) year since the establishment of compensation form by Land Acquisition Implementation Committee. Location of resettlement area shall be based on the deliberation with entitled parties. Moving cost is covered under the compensation elements.	If there is relocation, provide assistance for physically or economically displaced persons including i) secure tenure to land and housing with comparable access to employment and production opportunities; ii) assist to integrate and share benefits with hosts, iii) restore social amenity; iv) provide moving and transitional support e.g. land preparation, training, access to credit, civic infrastructure and community services if required.	Law No. 2/2012 and PD No, 71/2012 is silent about transition assistance for the physically relocating APs.  However, Act No. 9/2009 on Transmigration and Ministry of Transmigration Decree No. 17/1997 stipulates on transmigration services including food aid during transition period. The Indonesia appraiser standard provides <i>solatium</i> for the building/structure owners including physically relocated AHs.	Transition and moving allowance will be provided for relocating AHs and will be covered in <i>solatium</i> .
High Risk of Impoverishment	Entitled party means any party by whom objects of the acquired land are possessed or owned. Entitled party with high risk of impoverishment is not covered in the new Land Acquisition Law. However, it is covered under the Law No. 11/2009 on Social Welfare and its implementing regulation Ministry of Social Welfare Decree No. 39/2012	Particular attention must be given to the needs of poor APs and vulnerable AHs that face the risk of further marginalization and impoverishment.	Law No. 2/2012 and PD No.71/2012 is silent about paying special attention to poor APs and vulnerable AHs and severely AHs.	Livelihood / income rehabilitation program will be provided to severely affected and vulnerable populations. Programs for vulnerable groups refer to Law No. 11/2009 and its implementing regulations. In this Law, the regional government is responsible for addressing these issues. The programs that will be implemented are included in the social Action Plan for affected persons / households.

Principles	Indonesian Regulations; Law No 2/2012 and Presidential Decree No. 71/2012	ADB Policy	Gaps	Project Policy
	<p>To cover or identify vulnerable / severity impacted people by the project as early as possible it can be covered in Social Impact Assessment of AMDAL as referred in Environmental Law no. 32/2009; Government of Republic of Indonesia Regulation No. 27/2012 on Environmental Permit, Ministry of Environment Regulation No. 17/2012 on guidelines for Community Involvement In Analysis Process of Environmental Impact and Environmental Permits, Head of BAPEDAL Decree No. 299/1996 on Technical Guidelines for the Social Aspects Study in preparation of the Environmental Impact Assessment.</p>			<p>Severely affected Residents / households and other vulnerable groups will be identified at land acquisition / Resettlement Planning. Livelihood improvement assistance will be provided to them through: i) social programs implemented by local government; ii) development program for community under the project components. Dirjen Bina Pembangunan Daerah will facilitate the coordination of program implementation at the regional level.</p>
Monitoring of Project Implementation	<p>Monitoring and evaluation of the performance of Acquisition of Land in the Public Interest shall be made by the government. National Land Agency shall monitor and evaluate the occupation, ownership, use and utilization of land acquisition results for the development in public interests.</p>	<p>ADB requires monitoring of RP implementation by the executing agency for resettlement category B projects, and by an independent external organization for resettlement category A projects</p>	<p>The Law No. 2/2012 and PD No, 71/2012 is silent about monitoring on resettlement impact to the entitled parties and external monitoring by independent external party</p>	<p>FIP is classified, as category B therefore external monitoring of resettlement implementation is not required.</p>

### C. Resettlement Policy Principles for the Project

27. FIP shall uphold legal provisions under the 2012 act and its implementing regulations and all other GOI laws in harmony with ADB-SPS 2009 safeguard requirements applicable to involuntary resettlement and negotiated land acquisition. Based on the above legal framework and equivalence-gap analysis, the resettlement objectives and policy principles for the Project are as follows:

- (i) Screen subproject components during early stages to identify involuntary resettlement impacts and risks such as restriction of natural and livelihood resources. These impacts and risks must be minimal. Appropriate RP will be developed precisely and accurately as a result of a social assessment.
- (ii) Carry out meaningful consultations with APs particularly with IP or customary communities living in the project areas, and concerned NGO organizations. Inform all APs including IPs on potential restriction to access to natural (marine-fishery) resources both in forestry area and non-forestry area because of the project and ensure their participation in the project cycle, and effective mechanisms will be established for hearing and resolving grievances.
- (iii) Improve or at least restore the livelihood of the APs through (a) land-based resettlement strategies or cash compensation; (b) prompt replacement of assets with equal or higher value; (c) prompt compensation at full replacement cost for lost assets that cannot be restored; and (d) additional revenues and services through benefit sharing schemes where possible.
- (iv) APs especially IPs shall be involved in land acquisition and resettlement planning and RPs will cover all appropriate mitigation measures to improve, or at least restore, the livelihoods of all APs, especially vulnerable groups so that the living standard of APs do not become worse off compared to pre-project levels. RPs should elaborate on AP entitlements, strategy for income and livelihood restoration, including institutional arrangements, monitoring and evaluation, budgeting, and time-bound implementation schedule, and provide APs with appropriate assistance.
- (v) APs without title or any recognizable legal rights to land are eligible for resettlement assistance and compensation for non-land assets at replacement cost. Particular attention will be paid to women, women-headed households, the elderly and other vulnerable persons including indigenous communities.
- (vi) Disclose a draft RP and its updates before subproject appraisal to the APs and other stakeholders in an accessible place and a form and understandable language.
- (vii) Land acquisition and resettlement will be conceived of as part of the project and related costs will be included in and financed out of the project cost.
- (viii) A well-defined, culturally acceptable and gender sensitive grievance redress mechanism will be established in order to ensure that all APs' grievances and complaints on any aspect of land acquisition and compensation are addressed in a timely and satisfactory manner, and that all possible avenues are available to APs to air their grievances.
- (ix) Civil works and/or restrictions to use of land resources will not commence unless APs are fully compensated and all other entitlements provided.
- (x) Any voluntary 'donation' and negotiated settlement will follow procedure in a transparent, consistent, and equitable manner and be confirmed through written record.

- (xi) Monitor and assess resettlement outcomes, their impacts on the standards of living of APs, and also disclose the monitoring reports.
- (xii) Should unanticipated involuntary resettlement impacts be determined during project implementation, the PISU (FMU level) will ensure the conduct of a social impact assessment and update the RP or formulate a new RP covering all applicable requirements specified in this RF.

#### **D. Subproject Screening and Minimizing Involuntary Resettlement**

28. MOEF will screen subprojects for their potential land acquisition and resettlement impacts and will adopt measures to avoid or minimize the impacts. At preliminary design stage, MOEF shall indicate the type and extent of work. A screening form (see proposed form in Appendix 2) will be completed after site visits, and as relevant, in consultation with potential APs to understand local land and natural resource use and ownership arrangements. The screening process will indicate: (i) a brief description of the site and proposed works; (ii) whether the subproject will require land acquisition; (iii) land status and ownership arrangements; (iv) land/resource usage; and (v) characteristics of affected persons. If any resettlement impacts are identified, MOEF will undertake an assessment of social impacts (census of APs, inventory of losses, and socioeconomic survey) and prepare the LARP document.

29. The subprojects will avoid resettlement, land acquisition, and physical displacement or denial of access to resources currently under use by the beneficiaries without prior and informed consent. Small-scale infrastructure investments and village land management planning will only be undertaken on the basis of demand and agreement of the beneficiaries. Resettlement impacts will be minimized by observing the following: (i) improvement of small-scale infrastructure designs such as village road and small irrigation channel will be along existing rights of way or following existing alignments; (ii) ensure no subproject with the ADB's category A<sup>17</sup> resettlement criteria is financed under the project; and (iii) affected persons and local stakeholders will be actively engaged during consultation to ensure the subproject designs are minimized or no land acquisition as well as minimize restriction of access to resources and livelihood.

30. Intensive capacity building across the project cycle, and ensuring community participation in subproject prioritization, planning, selection, and implementation will be observed. Forestry zoning will primarily protect the existing resources and the rights of MHAs to access resources that are well within their indigenous knowledge systems and practices. The establishment of management regimes shall create jobs for local people.

#### **E. Affected Persons and Eligibility**

31. Affected persons or peoples are those who stand to lose, as a consequence of the project, all or part of their physical and non-physical assets, including homes, communities, productive lands, and resources such as forests, range lands, fishing areas, or important cultural sites, commercial properties, tenancy, income-earning opportunities, social and cultural networks and activities. Such impacts may be permanent or temporary. Types of affected

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<sup>17</sup> A proposed project is classified as category A if it is likely to have significant involuntary resettlement impacts. The involuntary resettlement impacts of an ADB-supported project are considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). The level of detail and comprehensiveness of the resettlement plan are commensurate with the significance of the potential impacts and risks.

peoples identified within the project areas that are eligible for compensation, replacement land, a replacement house, or other resettlement assistance under this project are as follows:

- (i) Persons with formal legal rights to land and forest whether it is legal rights to housing, gardens and other forms of claims to resources that may be lost in its entirety or in part;
- (ii) Persons or peoples who may lose land and forest and access to these resource they occupy or utilize in its entirety or in part who have no formal legal rights to such land, forest or resources but have claims to such lands, forest or resources such as customary claims, that are recognized or recognizable under national laws; and
- (iii) Persons or peoples who may lose land, forest and resources they occupy or utilize in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land, forest or resources.

32. A cut-off date for eligibility to entitlements is established by the project. The cut-off date sets the time limits to determine eligibility of persons or peoples living and/or with assets or interests inside the project areas during the period to be counted as affected person or peoples. Should they be adversely affected, they will be entitled to compensation for their affected assets, including rehabilitation measures as needed, sufficient to assist them to improve or at least maintain their pre-project living standards, income-earning capacity and production levels. Those who encroach into the project area, or any of its subprojects, after the cut-off date will not be entitled to compensation or any other assistance. The cut-off date will be made known to affected peoples and other stakeholders.

33. The resettlement framework recognizes that certain social groups may be less able to restore their living conditions, livelihoods and income levels and therefore, at greater risk of impoverishment when their land and other assets are affected. The extent of impact on customary communities and other disadvantaged groups, such as landless, poor, households headed by women, elderly, and disabled, who will receive special rehabilitation assistance will be determined during preparation of subproject feasibility study and RP preparation. The Project's strategies on vulnerable groups are:

- (i) Surveys of socio-economic conditions of affected peoples will identify the conditions, needs and preferences of poor households, women who head households (and other female affected peoples) and affected customary communities; monitoring of loss of assets will be assessed separately the impacts on vulnerable affected peoples.
- (ii) Ensure that the process of land acquisition does not disadvantage customary communities, women, households headed by women or elderly or disabled, and poor households, particularly the landless.
- (iii) Preparation of information materials will take into consideration the language and literacy skills of participants, as well as other gender and cultural sensitivities that would affect their participation.
- (iv) The project will give priority to vulnerable affected peoples for employment for construction, operation and maintenance of physical infrastructure, land and forest management and other project activities, where appropriate.

### III. SOCIO-ECONOMIC INFORMATION

34. This section provides guidance in the conduct of the social assessment under IR safeguards of the ADB SPS.

35. The social assessment (SA) under IR<sup>18</sup> is a process to identify the social impacts of a project due to involuntary resettlement thus incorporates (i) identification of past, present, and future potential social impacts, based on baseline data analysis; (ii) an inventory of displaced persons and their assets; (iii) an assessment of the displaced persons' income and livelihoods; and (iv) gender-disaggregated information pertaining to the economic and sociocultural conditions of the displaced persons.

36. The SA will proceed in tandem with the commencement of project's efforts at resolving customary rights and land tenurial issues within FIP forest areas as embodied in the Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues In Forest Areas (2014).

#### A. Identification of Potential Impacts

37. All potential impacts have to be identified. Past impacts refer to involuntary resettlement activities that may have been undertaken in the proposed project area in anticipation of a project hence may not have been in conformity with the ADB's involuntary resettlement safeguard requirements under the SPS. Present and future potential impacts refer to the likely impacts due to the project under consideration.

38. Identify and assess potential impacts on vulnerable groups and women. The SA identifies any individuals and groups who are likely to be differentially or disproportionately affected by a proposed project due to their vulnerable status. This requires disaggregated information to assess potential impacts and propose targeted measures to ensure that potential impacts to these individuals or groups are appropriately avoided, mitigated, and compensated.

39. Consider MHAs in the assessment of social impacts. Should MHAs be affected by a project, it is imperative to assess likely impacts to their identity, culture, and customary livelihoods, detailed information on their land-use, economic activities, and social organizations.

40. Include impacts on public resources. The SA also considers project impacts on public resources, including losses of community-owned facilities or cultural property, and loss of access to direct use of natural resources. None common property is expected to be impacted and the sub project that will affect to common property will be avoided.

41. Include impacts on livelihoods caused by activities other than land acquisition. Project-related impacts on livelihoods are not related to involuntary land acquisition but have to be determined. As such, it is necessary to link with the environmental assessment process to ensure that social impacts related to the environmental media are addressed appropriately and for the SA to recommend measures to avoid, minimize and mitigate such impacts across project stages.

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<sup>18</sup> ADB (2012) Involuntary Resettlement Safeguards: A Planning and Implementation Good Practice Sourcebook – Draft Working Document. Chapter III, pages 8-17.

## B. Prescribed Tools for Social Assessment

### 1. Inventory of Affected Persons and Assets

42. Census. The census is a count of all affected persons irrespective of their titled or non-titled land ownership status. The project shall carry out a field survey to collect data and information of socio economic figures of direct impact areas. ***Direct impact areas shall include those affected by subprojects brought about by civil works and management zoning.*** The census shall include basic demographic and socioeconomic data, such as household size, age, gender (especially of the head of household), ethnicity, occupation, household income, and vulnerability. A complete and detailed enumeration of affected communities, households and or persons will be conducted to determine the following items:

- (i) Identification of landholdings and tenure of land, plants, and / or objects related to land;
- (ii) Evidence of occupancy and / or ownership of land as well as the identification of the impact on land, plants, other assets attached to land, and other assets;
- (iii) The location of the land, land area and land identification number, the status of the land and the document, the type of land use and utilization
- (iv) Identification of other economic loss, if any.

43. A follow-up census is required to update the affected persons list if project implementation is delayed by two or more years by which time the impacts may have changed compared to the initial census or if the project design changes significantly.

44. **Inventory of loss (IOL) or detailed measurement survey (DMS)**. The inventory (100% of APs) of all affected assets at subproject feasibility stage are determined specifically those located within the designated alignment or boundaries of the project facilities. ***This activity shall be focused on direct impact areas brought about solely by civil works for the subproject.*** It is conducted following the detailed design of a subproject.

45. APs are notified before the conduct of the IOL/DMS and requested to participate in the survey. The IOL/DMS will be carried out in the presence of heads/guardians or members of households and household head/guardians or members in duly endorsed and completed IOL/DMS forms. Endorsement of survey forms at the time of survey will preclude any complaints by APs on the inaccuracy of inventory details at a later stage. The survey method will be updated and fine-tuned at implementation.

46. The inventory for each subproject will be prepared and the initial output will be reviewed and discussed during the community assembly prior to the preparation of the LARP. The information to be obtained will include the following for each affected household:

- (i) Identification of the affected entitled parties, the number of family members, and the name;
- (ii) The location, area of all land owned and lost, tenure status, and functions;
- (iii) Number, and the lost / affected area and its function;
- (iv) The amount, category / type of affected crops and trees;
- (v) Other objects associated with the affected land;
- (vi) The number and category of loss of fixed assets;
- (vii) Restricted access to natural resources/livelihood, and
- (viii) Temporary losses of productive assets.

47. The data derived from this survey will constitute the basis for valuation of losses at replacement cost, calculating compensation amounts and determining compensation packages. The data will then be encoded and stored into the FIP database maintained by project management and accessible for external monitoring.

48. Replacement cost study. This is the valuation of assets at replacement cost according to local market prices and standards of valuation, without deductions for age-related depreciation, recovery of salvageable materials, or registration fees and other transaction costs.

## 2. Socioeconomic Survey

49. The socioeconomic survey (SES) will be conducted to establish a baseline of demographic and socioeconomic conditions of people affected by the subproject **brought about by both civil works and management zoning**. The SES will be done in detail after selection of project sites, of which the project put forward a basic requirement that there shall be no other given right in the area to prevent contesting claims which might happen and impede the project progress.

50. The SES focuses on income-earning activities and other socioeconomic indicators and utilizes both secondary and primary data sources. It will be carried out through a household survey instrument. The SES obtains data on the likely impact of land acquisition on the local economy, economic institutions, land-use patterns, tenancy and sharecropping, occupation and employment patterns, income and economic interdependence between households, poverty levels, local social organization and authority structure, and women's economic activities and income.

51. While census covers 100% of the displaced persons, a socioeconomic survey may be carried out on a sample basis, i.e., 20%-30% of all APs statistically acceptable in the subproject area selected randomly. Apart from these quantitative tools, relevant qualitative tools include focus group discussions, interviews with key informants, and participatory assessment, carried out through the consultation process.

52. The SES data shall include information on the demographic characteristics of AP household members, ownership of land and other assets, household living conditions, sources and levels of household income, and state of dependency of households and or person(s) to forest and forestlands and their capacity in making their living for project consideration of alternative economic activities. **The SES shall likewise include information on the control over land in FMU by persons, households or communities which have been residing within the area for more than 20 years to whom the GOI regulation on the granting of rights might be applicable.**<sup>19</sup> Data will be disaggregated and analyzed by gender, ethnic and income group. It also includes the socioeconomic conditions of specific AP groups. Results of the SES will be entered into the FIP database and project management will ensure that aggregate information is accessible for monitoring.

## C. Unanticipated Impacts

53. Should involuntary resettlement impacts that were unanticipated while preparing the RP emerge during project implementation, MOEF shall ensure the conduct of a SA and update or

<sup>19</sup> Joint Regulation of Domestic Affairs, Ministry of Forestry, Ministry of Public Works, and Head of National Land Agency No. 79/ 2014, No. PB.3/Menhut---II/2014, No. 17/PRT/M/2014, No. 8/SKB/X/2014.

formulate a new RP depending on the extent of the impact changes. Unanticipated impacts will be documented and mitigated based on the principles provided in this RF. MOEF shall submit these documents to ADB for disclosure on ADB's website and convey relevant information in them to the affected persons/community.

#### IV. CONSULTATION, PARTICIPATION, AND DISCLOSURE

##### A. Consultation and Participation

54. Meaningful consultations will be carried out with the entitled parties/APs including vulnerable groups to ensure participation from planning up to implementation. Meaningful consultation is a process that: (i) begins early in the project preparation stage and will be carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information in an understandable form and language and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Particular attention will be provided to the needs of vulnerable group and ensure their participation.

55. To ensure meaningful consultation with and participation of local and customary communities, the project will determine (i) appropriate mechanisms and structures for carrying out consultation and building participation; (ii) identification of stakeholders and their potential roles; (iii) specific activities that will enable customary communities to engage in the project; (iv) establish procedures for redress of grievances of affected people.

56. Consultations for RF have been conducted since the second consultation communities in November 2014 and continued in following consultations with relevant stakeholders at central, provincial, district, and community level including relevant agencies at national level, provincial governments, local governments, FMUs in Sintang and Putu Sibau districts, village offices, and customary leaders and members. In addition, consultation meetings were also held with the non-government organizations (NGOs) concerning forestry protection and safeguards at central and district levels. Consultation meetings across project stages have been and will be documented to include, but not limited to:

- (i) An orientation on the project, subproject designs, schedules of implementation, and identification/introduction of PISU focal/contact persons;
- (ii) Probable benefits, adverse impacts, and mitigating measures to be taken;
- (iii) Entitlements/compensation packages;
- (iv) Grievance process; and
- (v) Subsequent schedule of meetings.

57. A detailed consultation process for the project has been prepared and presented in Appendix 3.

58. ***Masyarakat hukum adat (Customary communities)***. The SPS 2009 acknowledges that customary communities may be particularly vulnerable when a project has any one of the following four types of activities: (i) commercial development of their cultural resources and knowledge; (ii) physical displacement from their traditional or customary lands; (iii) economic displacement from their traditional occupations; and (iv) commercial development of natural

resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define their identity and community.

59. Free, prior, and informed consent (in terms of broad community support) at each stage of the project will be conducted to identify customary communities' perspectives, issues and concerns. Consultation is a mode of social preparation that entails the process of informing and generating awareness and understanding of the concerned community about the project in a manner that will enable them to effectively participate and make informed and guided decisions. The process and outcomes of such engagement should be documented and submitted to ADB.

60. **Women and vulnerable sector.** The project gender action plan (GAP) ensures the engagement with local women's groups in key project activities. In case of under-representation or where needed, separate meetings with marginalized households, including women, shall be organized to discuss subproject proposals prior to any community assembly. Beyond the GAP, participation of women and the vulnerable/marginalized sectors will be ensured across the RP stages. Vulnerable sector will include r households headed by women, elderly household heads, landless, poor households, and MHAs.

## **B. Disclosure**

61. A summary brochure or project information booklet (PIB) containing relevant information such as the entitlement matrix, grievance procedures, and timing of payments will be produced and distributed to APs at each subproject site involving physical and non-physical losses. The full RP will be made available in English, Bahasa Indonesia, and where necessary, the prevailing language of MHAs.

62. Information dissemination to all members of the customary communities will be conducted specifically targeting appropriate message routes in accordance with prevailing customs and traditions. The following shall be observed:

- (i) Notices of meetings shall be written in Bahasa and posted in conspicuous places or announced in the area where the meeting shall be conducted at least two (2) weeks before the scheduled meeting;
- (ii) In the case of customary communities/MHAs, the commonly used language will be used and as authorized by community leaders, delivered and posted in conspicuous places or announced in the area where the meeting shall be conducted at least two (2) weeks before the scheduled meeting;
- (iii) The minutes of meetings or proceedings shall be written in English or Bahasa Indonesia or in the language of the customary community and shall be validated with those who attend the meeting or assembly before the finalization and distribution of the same.

63. Disclosure of the following documents is required:

- (i) A draft RP and/or RF endorsed by MOEF before project appraisal;
- (ii) The final RP endorsed by MOEF after the census of affected persons has been completed;
- (iii) A new RP or an updated RP, and a corrective action plan prepared during project implementation, if any; and
- (iv) The resettlement monitoring reports.

64. Materials will be produced in popularized form for all APs across implementation levels. The ADB SPS, ADB Public Communication Policy as well as GOI issuances will serve as guide. The documents listed above will be uploaded in the Project management information system as well as the ADB website.

## **V. COMPENSATION AND INCOME RESTORATION**

65. There are two options to be implemented to acquire land for the small-scale infrastructure development, namely: (i) negotiated land acquisition; or (ii) voluntary contribution. These options are based on the local practices applied for land acquisition for the project development. Involuntary resettlement with eminent domain that refer to land acquisition law and regulations is applied for the development in the public interest such as developments of provincial or district road, government office construction, and water treatment plan. While for community-based projects such as village road, community sanitation, solar system, the land acquisition will be undertaken through negotiated land acquisition or voluntary donation.

### **A. Compensation and Entitlements**

66. In case negotiated land acquisition will be implemented, the Implementing Agency will coordinate with the FMU and relevant local government to disburse or pay compensation/entitlements to APs in accordance with the entitlement matrix (Table 3) as described in preceding sections. Local level government staff will assist in identifying entitled persons and delivering the compensation amounts. There should be no restricted access of affected persons to forest area managed by FMU due to the project; however there will likely be restricted access of APs to the land or forest resources for daily livelihood due to the village land use management program. Local communities and IP groups will retain their rights to use forestlands in non-forest area and its products through rules and regulations regarding FMU and forest area.

67. MHAs will retain their rights to utilize non-timber forest products. The PISU in collaboration with the FMU will be available to advise the APs and other potential beneficiaries on possible opportunities for small-scale community development opportunities, including trainings provided under the project.

68. Compensation for customary rights to lands and other rights that might exist in the project area will be done following the inventory of those rights as regulated in Article 6 to 10 of Joint Regulation of Domestic Affairs, Ministry of Forestry, Ministry of Public Works, and Head of National Land Agency No. 79/ 2014, No. PB.3/Menhut--II/2014, No. 17/PRT/M/2014, No. 8/SKB/X/2014. Inventory will be prepared by the Team IP4T.<sup>20</sup> The result of inventory shall be reported to the regional office of national land agency which then will report the result of analysis to Directorate General of Planology of MOEF. Planology will then deliver the order of delineation of land that will be used for non-forestry purposes development.

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<sup>20</sup> Tim Inventarisasi Penguasaan, Pemilikan, Penggunaan dan Pemanfaatan Tanah or Inventarization of Control, Ownership, and Usage of Land.

Table 3: Entitlements Matrix

No	Impact/Loss Category	Entitled Person	Project entitlement	Basis / Legal Implementation <sup>21</sup>	Agency/Entity by Role
<b>A. LAND LOSS</b>					
1	Loss of land, including agricultural and residential land in non- forest areas ( <i>area penggunaan lain</i> )	Those who have formal legal rights (certificate) or those whose claim over the land is recognized as a full title including persons occupying the state land in good faith.	<ul style="list-style-type: none"> <li>• Compensation at replacement cost and reflective of fair market value with some options; <ul style="list-style-type: none"> <li>- Cash compensation with amount determined by the local government or community and participation in the livelihood program</li> <li>- Land replacement with at least similar attributes to the acquired land in term of value, productivity and location.</li> </ul> </li> <li>• Financial assistance for the renewal of the land ownership documents (certificate and land documents recognized as full title) for the residual area of the entitled persons' land.</li> <li>• If the remaining affected land can't be functioned for the specific use and utilization, the entitled party can ask for compensation for their entire land at replacement cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Law No 2/2012, Article 36</li> <li>• Presidential Regulation No 71/2012, Article: 65, 77;</li> <li>• Joint Regulation of MOHA, MOEF, MOPW And Head of BPN On Procedure of Resolution of Land Tenurial Issues In Forest Areas (2014)</li> <li>• Indonesia Valuation Standards 306 (SPI 306)</li> </ul>	<ul style="list-style-type: none"> <li>• Land requiring agencies allocate and deliver land compensation</li> <li>• Independent Appraisal (if necessary or in case of land acquisition using Law No. 2/2012): conducts a valuation of the assets.</li> <li>• Government: provide tax incentives (BPHTB) to institutions requiring land</li> </ul>
2	Loss of <i>ulayat</i> land or customary land	Customary communities ( <i>masyarakat hukum adat</i> )	<ul style="list-style-type: none"> <li>• Land replacement, or other form agreed by the customary communities/leader.</li> <li>• Participate in the livelihood program under the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Elucidation of Law No.2 / 2012 Article. 40</li> <li>• Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues In Forest Areas (2014)</li> </ul>	<ul style="list-style-type: none"> <li>• Land replacement with similar value or higher (in terms of value, productivity and location will be provided in approval of the village office or customary leader</li> </ul>
3	Loss of land in forest area managed by FMU	Those who have formal legal land rights (certificate) or those	<ul style="list-style-type: none"> <li>• Replacement of arable land, based on local practices and refers to UU no. 2/2012; Perpres no. 71/2012</li> </ul>	<ul style="list-style-type: none"> <li>• Elucidation of Law No.2 / 2012 Article. 40</li> <li>• Joint Regulation of MOHA, MOEF,</li> </ul>	

<sup>21</sup> Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues in Forest Areas (2014) is included as referencing other laws and determining baseline for losses.

No	Impact/Loss Category	Entitled Person	Project entitlement	Basis / Legal Implementation <sup>21</sup>	Agency/Entity by Role
		whose claim over the land is recognized as a full title including customary communities and persons occupying the state land in good faith.	and BPN Regulation no. 5/2012 <ul style="list-style-type: none"> <li>Participate in the livelihood/income restoration program, especially land based livelihood program and clarification of land tenure in the forest area</li> </ul>	MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues In Forest Areas (2014)	
4	Any land/space whose use is restricted by the project Restricted access to livelihood/natural resources	Owners, titled, legally recognized title including customary communities	<ul style="list-style-type: none"> <li>Provided with livelihood/income restoration program either in the form of land-based program or non-land based program or both.</li> </ul>	<ul style="list-style-type: none"> <li>Law No.2 / 2012 Article. 33 and its elucidation.</li> </ul>	
<b>B. Loss of Structure:</b>					
1	Primary/secondary structure	Owners of the affected structure, regardless of tenure	<ul style="list-style-type: none"> <li>Compensation at full replacement cost that reflect prevailing market prices of materials and cost of labor for dismantling, transferring and rebuilding<sup>22</sup></li> <li>For partially affected structures, the cost of repairing the residual unaffected portion of the structure in addition to the compensation at replacement cost for the affected portion of the same<sup>23</sup></li> </ul>	<p>Law No. 2 / 2012 Article 33 Elucidation of Law No. 2/2012 Article 35, 40</p> <p>Presidential Regulation No. 71/2012 Article 65</p> <p>BPN Head Regulation No. 5/2012 Article 23, 24 Government Regulation No. 38/2007 Indonesia Valuation Standards 306</p>	
<b>C. Loss of Crops and Trees:</b>					
1	Loss of Crops and Trees:	Owners, regardless of land tenure status (with certificate or recognizable rights, informal dwellers, occupants).	<ul style="list-style-type: none"> <li>Annual crops: cash compensation will be paid based on prevailing market rates.</li> <li>Perennial crops: compensation at replacement cost taking into account their productivity and age.</li> <li>Timbers/trees: compensation at current market rate based on age, type of trees and diameter of trunk at breast height.</li> </ul>	<ul style="list-style-type: none"> <li>Law No. 2 /2012 Chapter 33</li> <li>Presidential Regulation No. 71/2012 Article 65</li> <li>BPN Head Regulation No. 5/2012 Article 23, 24</li> <li>Presidential Regulation No. 38/2007</li> <li>Indonesia Valuation Standards 306 (SPI 306) / 2013</li> <li>Joint Regulation of MOHA, MOEF, MOPW and BPN on Procedure of Resolution of Land Tenurial Issues In Forest Areas (2014)</li> </ul>	

<sup>22</sup> Elucidation Article 33 UU No 2/2012.

<sup>23</sup> Article 33 Law No. 2 Tahun 2012 and Indonesia Valuation Standards (SPI 306) 2013.

No	Impact/Loss Category	Entitled Person	Project entitlement	Basis / Legal Implementation <sup>21</sup>	Agency/Entity by Role
<b>D. Temporary Impact During Construction</b>					
4	Temporary impact during construction	For those who have formal legal rights (certificate) or those whose claim on land is recognized as a full right	<ul style="list-style-type: none"> <li>For lease payments of the affected land by the contractor based on the applicable rental fees and agreements with landowners.</li> <li>For productive land, the cost of the rental will not be less than the net income that will be generated from productive affected land</li> <li>Compensation for non-land assets acquired (trees / plants, buildings) will be provided at replacement cost</li> <li>Land will be restored to pre-project conditions or even better.</li> </ul>	<ul style="list-style-type: none"> <li>Contract documents / agreements with civil works contractors</li> </ul>	<ul style="list-style-type: none"> <li>Contractors</li> </ul>
		Those who do not have legal rights and entitlements that can be recognized as full ownership	<ul style="list-style-type: none"> <li>There is no land rental costs during the period of impact</li> <li>Land will be restored as it was before the project, or even better.</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>
<b>E. Other Appraisable Loss</b>					
1	Transaction Cost	The entitled party who lost land and non-land assets	Allowance to cover administration cost, renewal of land ownership (ownership name transfer) for residual land, land clearing	<ul style="list-style-type: none"> <li>Presidential Regulation No. 71/2012 Article 112</li> <li>Indonesia Standard of Valuation (SPI) 306, 2013</li> </ul>	<ul style="list-style-type: none"> <li>Land requiring agencies allocate and deliver land compensation</li> <li>Independent Appraisal: (if necessary or in case of land acquisition using Law No. 2/2012) conducts a valuation of the assets.</li> </ul>
2	Loss of the resource base (high risk of impoverishment)	Entitled Party who will lose of 10% or more of total assets or earning revenue sources;  Entitled Party, poor and vulnerable, regardless of the severity of the impact	Participate in livelihood restoration program (LRP)	<ul style="list-style-type: none"> <li>Law No. 2 of 2012, article 33</li> <li>Elucidation of Law No. 2 of 2012, Article 2b</li> <li>Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues In Forest Areas (2014)</li> </ul>	Local Government: Social Program
			Given the opportunity to get a job related with the project	<ul style="list-style-type: none"> <li>Law No. 11 Year 2009 on Social Welfare</li> <li>Government Regulation No. 38 of 2007</li> </ul>	

## **B. Income Restoration and Special Measures for the Vulnerable**

69. The socioeconomic survey elicits information about vulnerability factors. Vulnerable APs could receive additional assistance tailored to their specific needs and income restoration initiatives may be linked with existing programs of government, both local and national.

70. Specific to FIP, income restoration will be addressed through providing income-generating activities, of which there might be added value processing for income generating activities. Trainings that will be provided for affected vulnerable groups are:

- (i) Participatory forest management,
- (ii) Forest fire management,
- (iii) Forest products utilization, including non-timber forest product development,
- (iv) Value adding, and
- (v) Enterprise development

## **C. Negotiated Land Acquisition**

71. The ADB-SPS on involuntary resettlement does not apply to negotiated settlements even if among the stakeholders, unless expropriation would result upon the failure of negotiations. Negotiated land acquisition may be applied as the lands to be acquired are mostly small plot. Thus, consultation processes, policies, and laws that are applicable to such transactions, third-party validation, mechanisms for calculating the replacement costs of land and other assets affected, and record-keeping requirements will be in line with this RF. The transaction process must openly address the risk of asymmetry of information availability and bargaining power of both parties. A Negotiated Land Acquisition Form (Appendix 4) must be attached to the RP.

## **D. Voluntary Land Donation**

72. Community willingness to participate to FIP activities is primordial. It is envisaged that small-scale infrastructure subprojects will positively impact on the incomes and livelihoods of local people, following prior and consensual agreement of the local people and considering that the scale of impact is minor. Voluntary land donation for the subproject may therefore be applied if:

- (i) Impacts are marginal (based on percentage of loss and minimum size of remaining assets);
- (ii) Impacts do not result in displacement of households or cause loss of household's incomes and livelihood;
- (iii) Households making voluntary donations are direct beneficiaries of the project;
- (iv) Donated land is free from any dispute on ownership or any other encumbrances;
- (v) Consultations with affected households is conducted in a free and transparent manner;
- (vi) Land transactions are supported by transfer documents; and
- (vii) Proper documentation of consultation meetings, grievances and actions taken to address such grievances is maintained

73. A Voluntary Land Donation Form (Appendix 5) must be attached to the RP. Criteria and guidance notes on voluntary donation are outlined in the table below.

**Table 4: Criteria and Guidance Notes on Voluntary Donation**

Criteria	Guidance Notes
The impacts are marginal (based on percentage of loss and minimum size of remaining assets);	<ul style="list-style-type: none"> <li>- The land donated does not exceed 5% of the total land owned by the affected household.</li> <li>- The land donated does not result in uncompensated permanent non-land assets</li> <li>- Land donation will only be accepted if the total land owned by the household is not less than 300 m<sup>2</sup></li> </ul>
Impacts do not result in displacement of households or cause loss of household's incomes and livelihood;	<ul style="list-style-type: none"> <li>- The land is not used for productive purposes</li> <li>- Only secondary structures are affected; there is no physical relocation of household due to the project and land donation.</li> <li>- The affected household does not fall under the category of poor or vulnerable.</li> </ul>
The households making voluntary donations are direct beneficiaries of the project;	<ul style="list-style-type: none"> <li>- Both positive and negative impacts of the project on the affected household are considered.</li> <li>- The affected household can identify the project's direct benefits to them.</li> </ul>
Land donated is free from any dispute on ownership or any other encumbrances;	<ul style="list-style-type: none"> <li>- The affected household has recognized legal tenure.</li> <li>- The land is not being occupied and/or used by any other party.</li> <li>- The land is not in dispute for its ownership.</li> </ul>
Consultations with the affected households is conducted in a free and transparent manner;	<ul style="list-style-type: none"> <li>- The affected household should be informed that they have the right to receive compensation for their land and the equivalent amount of compensation for the land they wish to donate.</li> <li>- The affected household receives clear and adequate information on the project, and participates in the project planning.</li> <li>- Provisions on voluntary donation are integrated into the decision making process at community level.</li> </ul>
Land transactions are supported by transfer of titles; and	<ul style="list-style-type: none"> <li>- Official land ownership document is updated.</li> </ul>
Proper documentation of consultation meetings, voluntary donation grievances and actions taken to address such grievances is maintained.	<ul style="list-style-type: none"> <li>- Certificate of voluntary donation with signature of the asset owner (AH making the donation) and witnesses is properly documented.</li> <li>- Consultation meetings, grievances if any and actions taken to address such grievances are properly recorded.</li> </ul>

## VI. GRIEVANCE REDRESS MECHANISM

74. A GRM is a systematic process to receive, evaluate, and address the project-related grievances of affected persons (AP) and/or groups. The MOEF, in cooperation with PISU, will set up GRM at the national level in consultation with relevant stakeholders within six months of grant effectiveness and post it publicly on the project website with outreach for all project areas. In addition, as part of the output 2, the project will establish a GRM at provincial level focusing on tenure and REDD+ issues within six months of grant effectiveness. An information disclosure mechanism in Bahasa will also be in place at district level to ensure that the local communities in Kapuas Hulu and Sintang districts are aware of GRM and their potential involvement and responsibilities in the project activities. The MOEF will ensure a culturally- and gender-sensitive GRM to receive and address, in coordination with provincial authorities, project related concerns and to resolve AP related disputes that may arise during project implementation. It is anticipated that all grievances related to benefits and other assistance will be resolved at the PISU level.

75. At the village level affected APs through their facilitator or representative may bring the complaints to the village leaders and/or customary leaders. The village/customary leaders will settle the complaint within two to seven days. If this has not been settled, they may bring it to the officers in project's field office or sub-project site office. Specifically:

- (i) The AP narrates discontent to the community leader (*Tumenggung* for MHAs of the Dayak and *Penghulu* for the MHAs of Melayu). Conveying the grievance to *Tumenggung* or *Penghulu* is commonly done when the case could not be settled by lower adat authority (*kepala adat dusun*) at hamlet (*dusun*) level.
- (ii) The *Tumenggung* or *Penghulu* prepares an official report for documentation purposes and attempts to address and resolve the grievance at the community level within seven to ten days.
- (iii) If the AP is satisfied, there is no need to elevate the issue. If the grievance cannot be addressed at the village level, the *Tumenggung* or *Penghulu* submits the complaint to PISU. The PISU will resolve the complaint within 30 working days since the complaint is received.

76. The community development specialists and safeguards specialists will assist APs in registering their complaints with PISU, field office or sub-project site office, and preparing their specific grievance. The PISU Project Coordinator will consider the complaint and within 15 working days will convey a decision to the APs. These staff, along with local government district officials, will assist the Project Coordinator in reviewing and addressing the complaint. Project's district officer will record/file keeping the complaint. The safeguards staff will facilitate communication between the affected APs and the PISU.

77. In the event that complaints arise, avenues for grievance redress are provided as guided by GOI laws and procedures in harmony with ADB principles on grievance redress. There are two types of complaints that have to be specific in modalities of redress: (i) on compensation rates, and (ii) other resettlement concerns.

78. For customary communities, grievance mechanism shall follow their internal mechanism (if any) or any mechanism provided by local government based on community request. Communities could raise their grievances to MOEF following the new launched MOEF Decree No. 24/Menhut-II/2015 in January 2015, on the Establishment of Team for Addressing Environmental and Forestry related Grievances. Should there be any environment and forestry related grievances resulting from development, the community in project area would be able to raise their complaints to the Team.

79. **Compensation rate.** An aggrieved AP may bring the grievance/complaint directly to PISU or land agency through the *Tumenggung* or *Penghulu* who will submit it to the PISU either in writing or relay it verbally. PISU together with the land agency and the *Tumenggung* or *Penghulu* will attempt to seek consensus to achieve an acceptable settlement with the aggrieved AP. If the aggrieved AP does not accept the offered compensation, the land agency will deposit the compensation money with the district court. The aggrieved AP may lodge the complaint with the court within 14 days after deliberation for the establishment of compensation. The court shall decide the case not later than 30 days after submission of the grievance/objection and if the aggrieved AP is still not satisfied with the court decision, the aggrieved AP may bring the case to the Supreme Court for final decision. The PISU shall be responsible for recording and keeping file of all project-related complaints.

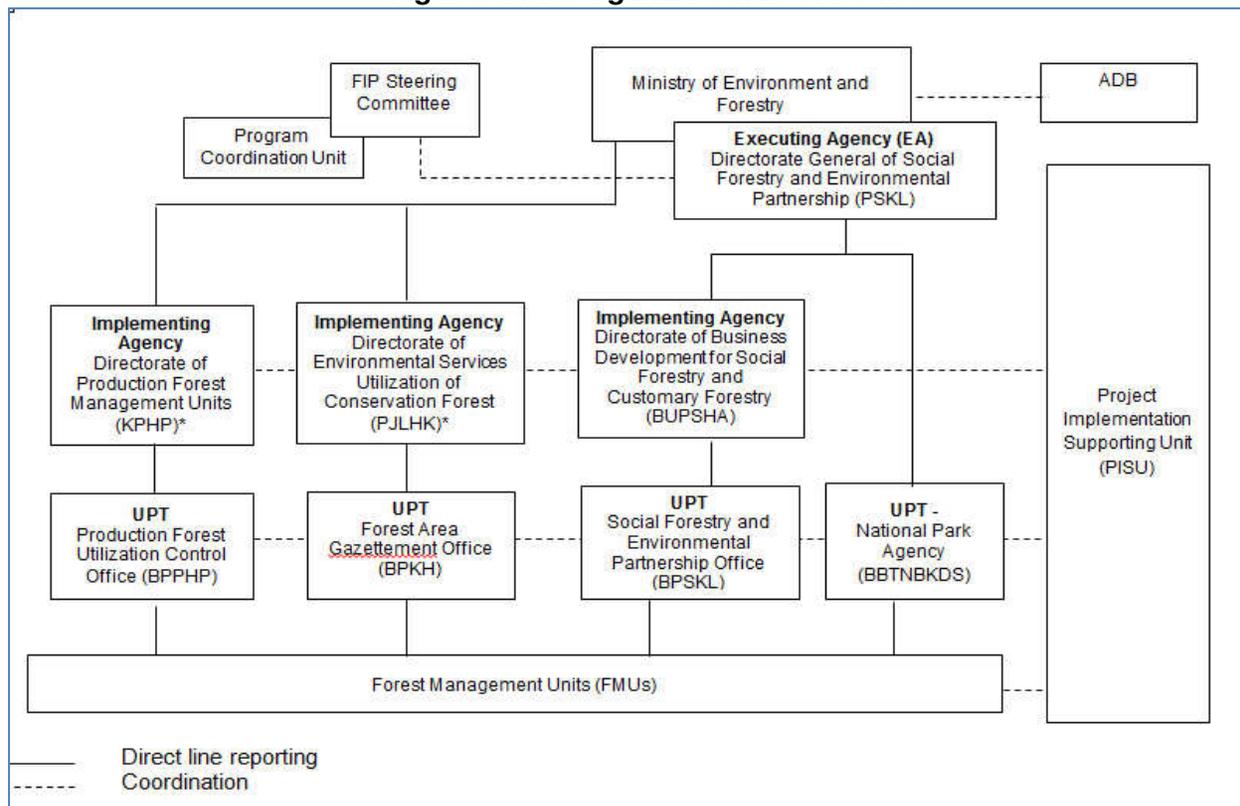
80. **Other resettlement.** In case of complaints related to project construction and other resettlement matters like restriction to access, the aggrieved party may bring the complaint through the *Tumenggung* or *Penghulu*, either to the contractor or to the PISU. If the aggrieved AP is not satisfied with the decision or handling of the complaint, he/she may bring the grievance, either in writing or verbally to the regent of the district (*Bupati*) accompanied by an explanation on the causes and reasons for the objection within a period of 14 days from the issuance of the decision of the PISU or contractor/concerned entity. The *Bupati* will decide on the complaint within a period of 30 days by requesting for opinions/wishes from (i) the aggrieved AP; (ii) PISU; and (iii) other concerned entities (i.e., contractor, Land Agency). The *Bupati*'s decision will be delivered to the aggrieved AP, the PISU, and other entity. If after 30 days, no decision to the complaint is made or if the aggrieved AH is not satisfied with the decision taken by the *Bupati*, it may bring the complaint/case to the governor. The governor will decide on the complaint within a period of 30 days. The opinions/wishes of (i) the aggrieved AP, (i) the PISU, and (iii) other concerned entity may be required for the decision. The governor's decision on the complaint will be delivered to the aggrieved AP, the PISU, and other concerned entity. If after another 30 days, no decision to the complaint is made or if the aggrieved AP is not satisfied with the decision taken by *Bupati* and/or the governor, it may bring the complaint/case to the court for adjudication.

## VII. INSTITUTIONAL ARRANGEMENTS AND IMPLEMENTATION

### A. Institutional Arrangements

81. The organizational structure for the project is provided below.

**Figure 3: FIP Organizational Structure**



## 1. National Level

82. The Directorate General of Social Forestry and Environmental Partnership (*Direktorat Bina Usaha Perhutanan Sosial dan Hutan adat - BUPSHA*), MOEF is the executing agency (EA). The EA shall be responsible for overall coordination of the project activities as per requirements of the “planned grant” modality and ensure proper fund flow arrangements in cooperation with the Ministry of Finance and ADB. The EA will consult with the project steering committee and comply with the FIP requirements, including, annual monitoring and reporting of the project’s contribution to the FIP Results Framework.

83. The implementing agencies (IAs) will be:

- i. the Directorate of Business Development for Social Forestry and Customary Forest (*Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat, BUPSHA*) to implement REDD+ activities through partnerships with local communities in FMUs outside national parks,
- ii. the Directorate of Environmental Services Utilization and Conservation Forest (*Direktorat Pemanfaatan Jasa Lingkungan Hutan Konservasi, PJLHK*) to implement REDD+ activities in national parks, and
- iii. the Directorate of Production Forest Management Unit (*Direktorat Kesatuan Pengelolaan Hutan Produksi, KPHP*) to implement REDD+ activities other than those related to social forestry in production forests of FMUs.

84. The IAs will be accountable for implementation of project activities and provision of the technical advice through UPTs (unit pelaksana teknis or technical implementation units) to the PISU. The respective UPTs at provincial levels will assist IAs in effective project monitoring. The provincial and district forest agencies and FMUs will collaborate with the UPTs. The project will be supported by the PISU that will be responsible for the day-to-day implementation of the project at national, provincial and FMU levels, including the overseeing of the project safeguards, monitoring and reporting.

## 2. District Level

85. **Forest management unit (FMU).** The FMU will coordinate site level implementation. Implementation of activities will be assisted by the supporting unit consisting of village facilitators’ team and other specialists who shall work with communities.<sup>24</sup> The FMU will handle daily activities of the project in the forest area at site level and oversee adherence to this RF in RP preparation and implementation. With the support of the social safeguard specialist consultant and qualified expert as necessary or village facilitators, it will undertake the surveys, consultations, land acquisition processes, and delivery of entitlements. For RP preparation and implementation in non-forest area, FMU will coordinate with relevant agencies, particularly at provincial level which under UU 23/2014 is the regional authority over forest area.

<sup>24</sup> Implementation of any forest management scheme from MOEF i.e. HD, HTR and HKm will follow the regulations of each scheme: Forestry Ministry Decree No. P.37/Menhut-II/2007 on Hutan Kemasyarakatan; Decree No. P.14/Menhut-II/2010 and No. P.49/Menhut-II/2008 on Hutan Desa; and Decree No. P.3/Menhut-II/2012 on Hutan Tanaman Rakyat. Implementation of activities of non-forestry purposes such as microhydro and water supply will follow MOEF regulations on the usage of forest area for non-forestry development and Joint regulation of Ministry of Domestic Affairs, Ministry of Forestry, Ministry of Public Works, and Head of National Land Agency No. 99/2014, No. PB.3/Menhut---II/2014, No. 17/PRT/M/2014, No. 8/SKB/X/2014 on the Procedure for Settling the Land Control in Forestry Area.

86. The FMU will ensure that entitlements and measures in the RP are consistent with this RF and that suitable budgetary provisions are made for timely implementation of the RP. FMU will coordinate with relevant government agencies with regard to income/livelihood restoration and formal land acquisition process.

87. For activities involving customary land and other local communities within forestlands, the FMU operationalizes the Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues in Forest Areas (2014). As such, the project will work closely with local district and provincial governments in terms of capacity building for IPs and in using traditional knowledge of IPs community including empowering IPs institutions. FMUs will work with the provincial government, as it is this office through investigations made by the IP4T Team that shall resolve issues of customary rights and land tenure in forests located in more than one district/municipal territories.

88. The FMU has the following specific responsibilities:

- (i) Collaboration with provincial and/or district land officer to carry out their work in compliance with the Project and ADB requirements;
- (ii) Provision of qualified personnel/entities to conduct the surveys (both census and socioeconomic sampling surveys) and village profiling;
- (iii) Collaborate with provincial and/or district land officer for RP preparation for non-forest area, any land negotiations, leases for use of land, and income/livelihood restoration programs;
- (iv) Ensure all requirements are carried out concerning consultation and disclosure, and grievance redress;
- (v) Endorsement of the draft RP prior to concurrence of IA for ADB approval;
- (vi) Ensure all land acquisition and compensation activities are completed in a timely manner;
- (vii) Monitor RP implementation; and
- (viii) Coordinate with contractors regarding civil works

89. The FMUs will not issue notice to proceed for any civil works contract or will not allow any project construction activities until compensation payment has been fully disbursed to APs and rehabilitation measures are in place as per project entitlements in the agreed RP. In case of voluntary land donation, the civil works will commence when the statement of contribution has been made by the party who opted to the contribution. The EA shall further ensure that adequate funds are allocated and disbursed on time to pay land and service payments and allowances for provincial (and/or district) subprojects that are included in the project. Safeguards consultant(s) will support the FMU in conducting consultations with local communities, APs and other stakeholders. They will be responsible for collaborating with FMU in organizing and carrying out these consultations.

90. **Provincial and district government.** In case land to be acquired is located in the forest area and completion of land tenure will be required, the provincial or district government (*Gubernur/Bupati*) shall establish the IP4T Team<sup>25</sup> to resolve issues of customary rights and

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<sup>25</sup> The Team carrying out P4T data-collecting activities. Joint Regulation of Minister of Home Affairs, Minister of Forestry, Minister of Public Works and Head of National Land Agency on Procedure of Resolution of Land Tenurial Issues in Forest Areas, 2014.

land tenure in forests located in the district/municipal territories. The IP4T Team is made up of the following:

- (i) Head of National Land Agency Provincial/District Office as Chief and member;
- (ii) Staff of relevant provincial/district office that handles forestry affairs as secretary and member;
- (iii) Staff of Forest Area Assignment Agency as member;
- (iv) Staff of relevant provincial/district office/agency that handle spatial layout affairs as member;
- (v) Relevant district/municipal land office as member;
- (vi) Local sub-district head or other officials appointed as member; and
- (vii) Local village/non-autonomous village head or other equal positions as member.

91. The IP4T Team shall have the following tasks:

- (i) Oversee IP4T application registration;
- (ii) Verify application;
- (iii) Collect field data;
- (iv) Analyze legal and physical data of land plots located in Forest Areas;
- (v) Prepare and submit analysis and results; and
- (vi) Submit the analysis to the Head of National Land Agency Regional Office or Head of District/Municipal Land Office.

92. Specific data to be produced by the IP4T Team are:

- (i) Maps;
- (ii) Land Plot Physical Tenurial Statement Letter (SP2FBT) made by the applicant, supported by reliable information from at least two witnesses from the local community who shall be of neither vertical nor horizontal kin relationship with the applicant up to the second degree, clarifying that the applicant is the actual landowner, authorized by village/non-autonomous village head or any other equivalent official;
- (iii) Ensure the content of the SP2FBT shall consist of:
  - Applicant identity;
  - Land location, boundaries and area;
  - Land use types; and
  - Year of obtaining the rights

## **B. Capacity Building**

93. FIP implementation will designate safeguards staff at the FMU level to be backed up by resettlement consultants to carry out this RF. Capacity building will be necessary to orient project management on operationalization of the RF and RP as well as prevailing GOI policies impinging on involuntary resettlement, to include concerns on indigenous peoples and gender. Similarly, all structures across management levels will be capacitated.

## **VIII. BUDGET AND FINANCING**

94. Land acquisition, compensation, and livelihood/income restoration costs for the project will be minimal. When they are there, they will be financed by MOEF using counterpart funds and in some cases may require local government and community contribution. The actual

budget for such activities under each subproject will be prepared and incorporated in each RP after detailed discussions with community members on impacts, and following detailed survey and investigation. The government will release sufficient budget for implementation of compensation and rehabilitation activities in an appropriate and timely manner. Table 5 provides the allowable budget line items.

**Table 5: Allowable Resettlement Plan Cost items and Budget Categories**

<b>CATEGORY</b>	<b>COST ITEM</b>
Resettlement preparation and compensation	Cost of census and survey of affected people and inventory of assets
	Replacement Cost Study by independent property appraiser
	Cost of IEC and consultation
	Compensation for assets lost (land, structures, etc.)
Income restoration plans	Cost of land replacement
	Cost of preparation of replacement farmland
	Cost estimates for income restoration plans (e.g., training, livelihood/small business, community enterprise)
Administrative costs	Cost of incremental services (extension, health, education)
	Environmental enhancement packages (agricultural or fisheries, etc.)
	Operation staff (managerial, technical), and support staff
	Training on REDD+ and other project benefits, gender, MHAs, and monitoring (capacity building)
	Technical assistance
	Evaluation by independent agency

## **IX. MONITORING AND REPORTING**

### **A. Monitoring Arrangements**

95. The MOEF, with assistance from PISU consultants, will monitor all activities associated with land acquisition, payment of compensation to APs and other aspects. The scope of monitoring includes but not limited to:

- (i) Payment of compensation to all APs in various categories, according to the compensation policy described in the LARP.
- (ii) Delivery of income restoration and social support entitlements.
- (iii) Public information dissemination and consultation procedures.
- (iv) Adherence to grievance procedures and outstanding issues requiring management's attention.
- (v) Priority of APs regarding the options offered.
- (vi) The benefits provided from the project.

96. The implementing agencies will periodically collect information from the different affected committees. Monthly reports will be submitted to MOEF as the EA for RP activities. The EA in turn will include updates in its regular progress reports to ADB.

### **B. Monitoring Indicators**

97. Monitoring indicators address the specific contents of the RF/RP activities and entitlements matrix. Potential monitoring indicators, from which specific indicators can be developed and refined, are set out in Table 6.

**Table 6: Suggested Monitoring Indicators (Internal)**

<b>Monitoring Aspects</b>	<b>Potential Indicators</b>
<b>Delivery of Entitlements</b>	<ul style="list-style-type: none"> <li>• Entitlements disbursed, compared with number and category of losses set out in the entitlement matrix.</li> <li>• Disbursements against timelines.</li> <li>• Identification of the displaced persons losing land temporarily, e.g. through soil disposal, borrow pits, contractors' camps, have been included.</li> <li>• Timely disbursements of the agreed transport costs, income substitution support, and any resettlement allowances, according to schedule.</li> <li>• Provision of replacement land plots.</li> <li>• Quality of new plots and issue of land titles.</li> <li>• Restoration of social infrastructure and services.</li> <li>• Progress on income and livelihood restoration activities being implemented as set out in the income restoration plan, for example, utilizing replacement land, commencement of production, the number of the displaced persons trained in employment with jobs, microcredit disbursed, number of income-generating activities assisted.</li> <li>• Affected businesses receiving entitlements, including transfer and payments for net losses resulting from lost business.</li> </ul>
<b>Consultation and Grievances</b>	<ul style="list-style-type: none"> <li>• Consultations organized as scheduled including meetings, groups, and community activities.</li> <li>• Knowledge of entitlements by the displaced persons.</li> <li>• Use of the grievance redress mechanism by the displaced persons.</li> <li>• Information on the resolution of the grievances.</li> <li>• Information on the implementation of the social preparation phase.</li> <li>• Implementation of special measures for Indigenous Peoples.</li> </ul>
<b>Communications and Participation</b>	<ul style="list-style-type: none"> <li>• Number of general meetings (for both men and women).</li> <li>• Percentage of women out of total participants.</li> <li>• Number of meetings exclusively with women.</li> <li>• Number of meetings exclusively with vulnerable groups.</li> <li>• Number of meetings at new sites.</li> <li>• Number of meetings between hosts and the displaced persons.</li> <li>• Level of participation in meetings (of women, men, and vulnerable groups).</li> <li>• Level of information communicated—adequate or inadequate.</li> <li>• Information disclosure.</li> <li>• Translation of information disclosure in the local languages.</li> </ul>
<b>Budget and Time Frame</b>	<ul style="list-style-type: none"> <li>• Land acquisition and resettlement staff appointed and mobilized on schedule for the field and office work.</li> <li>• Capacity building and training activities completed on schedule.</li> <li>• Achieving resettlement implementation activities against the agreed implementation plan.</li> <li>• Funds allocation for resettlement-to-resettlement agencies on time.</li> <li>• Receipt of scheduled funds by resettlement offices.</li> <li>• Funds disbursement according to the LARP.</li> <li>• Social preparation phase as per schedule.</li> <li>• Land acquisition and occupation in time for implementation.</li> </ul>
<b>Livelihood and Income Restoration</b>	<ul style="list-style-type: none"> <li>• Number of displaced persons under the rehabilitation programs (women, men, and vulnerable groups).</li> <li>• Number of displaced persons who received vocational training (women, men, and vulnerable groups).</li> <li>• Types of training and number of participants in each program.</li> <li>• Number and percentage of displaced persons covered under livelihood</li> </ul>

Monitoring Aspects	Potential Indicators
	<p>programs (women, men, and vulnerable groups).</p> <ul style="list-style-type: none"> <li>• Number of displaced persons who have restored their income and livelihood patterns (women, men, and vulnerable groups).</li> <li>• Number of new employment activities.</li> <li>• Extent of participation in rehabilitation programs.</li> <li>• Extent of participation in vocational training programs.</li> <li>• Degree of satisfaction with support received for livelihood programs.</li> <li>• Percentage of successful enterprises breaking even (women, men, and vulnerable groups).</li> <li>• Percentage of displaced persons who improved their income (women, men, and vulnerable groups)</li> <li>• Percentage of displaced persons who improved their standard of living (women, men, and vulnerable groups)</li> <li>• Number of displaced persons with replacement agriculture land (women, men, and vulnerable groups)</li> <li>• Quantity of land owned/contracted by displaced persons (women, men and vulnerable groups)</li> <li>• Number of households with agricultural equipment</li> <li>• Number of households with livestock</li> </ul>
<b>Benefit Monitoring</b>	<ul style="list-style-type: none"> <li>• Noticeable changes in patterns of occupation, production, and resource use compared to the pre-project situation.</li> <li>• Noticeable changes in income and expenditure patterns compared to the pre-project situation.</li> <li>• Changes in cost of living compared to the pre-project situation.</li> <li>• Changes in key social and cultural parameters relating to living standards.</li> <li>• Changes occurred for vulnerable groups.</li> <li>• Benefiting from the project by the displaced persons.</li> </ul>

### C. Reporting and Disclosure

98. MOEF is required to prepare semiannual monitoring reports for submission to ADB that will include the progress in compensation payment as well as other activities stipulated in the RP. Monitoring reports shall include the following topics:

- (i) The number of APs by category of impact per component, and the status of compensation payment and assistance/income restoration for each category.
- (ii) The amount of funds allocated for operations or for compensation and the amount of funds disbursed for each.
- (iii) The eventual outcome of complaints and grievances and any outstanding issues requiring action from management.
- (iv) Implementation problems.
- (v) Revised actual RP implementation schedule.

99. Monitoring reports are subject to review by ADB and posted on the ADB and project websites, if applicable. MOEF through its implementing units shall disclose results of monitoring to the affected communities/persons specifically the status of the RP, information on benefits sharing, and corrective action plans, if any.

## APPENDIX 1: SUBPROJECT LAR SCREENING CHECKLIST

INVOLUNTARY RESETTLEMENT (LAR) SCREENING CHECKLIST	
Province:	District:
Village:	
Subproject:	
Brief Description of Site and Proposed Works (provide as much detail as possible):	

Probable Involuntary Resettlement Effects	Yes	No	Not Known	Remarks
<b>Involuntary Acquisition of Land</b>				
1. Will there be land acquisition?				
2. Is the site for land acquisition known?				
3. Is the ownership status and current usage of land to be acquired known?				
4. Will easement be utilized within an existing Right of Way (ROW)?				
5. Will there be loss of shelter and residential land due to land acquisition?				
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land acquisition?				
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				
<b>Involuntary restrictions on land use or on access to legally designated parks and protected areas</b>				
10. Will people lose access to natural resources, communal facilities and services?				
11. If land use is changed, will it have an adverse impact on social and economic activities?				
12. Will access to land and resources owned communally or by the state be restricted?				
<b>Information on Vulnerable Persons:</b>				
Are any of the APs poor, female-heads of households, or vulnerable to poverty risks? <input type="checkbox"/> No <input type="checkbox"/> Yes				
Are any APs from indigenous or ethnic minority groups? <input type="checkbox"/> No <input type="checkbox"/> Yes				

<b>1. Document/Plan Requirements</b>			
Based on the foregoing identification of impacts and the subproject will:			
Create land acquisition/ resettlement impacts (if YES ticked in answer to any question in Section 1), and a Land Acquisition and Resettlement Plan (completed as per the requirements of the RF) is required.			
Create no resettlement impact, no Land Acquisition and Resettlement Plan is required. This screening checklist and a due diligence report will be prepared as the document for the subproject.			
<b>The foregoing has been reviewed and agreed with by:</b>			
Name & Signature: (Team Leader)		Date:	
Name & Signature: (Safeguards Specialist)		Date:	

## **APPENDIX 2: OUTLINE OF A RESETTLEMENT PLAN**

1. This outline is part of the Safeguard Requirements 2 of the SPS. A resettlement plan is required for all projects with involuntary resettlement impacts. Its level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown.

### **A. Executive Summary**

2. This section provides a concise statement of project scope, key survey findings, entitlements and recommended actions.

### **B. Project Description**

3. This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

### **C. Scope of Land Acquisition and Resettlement**

4. This section: (i) discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities; (ii) describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project; (iii) summarizes the key effects in terms of assets acquired and displaced persons; and (iv) provides details of any common property resources that will be acquired.

### **D. Socioeconomic Information and Profile**

5. This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including: (i) define, identify, and enumerate the people and communities to be affected; (ii) describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account; (iii) discuss the project's impacts on the poor, indigenous and/or ethnic minorities, and other vulnerable groups; and (iv) identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

### **E. Information Disclosure, Consultation, and Participation**

6. This section: (i) identifies project stakeholders, especially primary stakeholders; (ii) describes the consultation and participation mechanisms to be used during the different stages of the project cycle; (iii) describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders; (iv) summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan; (v) confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and (vi) describes the planned information disclosure measures (including the type of information to be disseminated and the

method of dissemination) and the process for consultation with affected persons during project implementation.

## **F. Grievance Redress Mechanisms**

7. This section describes mechanisms to receive and facilitate the resolution of affected persons' concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

## **G. Legal Framework**

8. This section: (i) describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed; (ii) describes the legal and policy commitments from the executing agency for all types of displaced persons; (iii) outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided; and (iv) describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

## **H. Entitlements, Assistance and Benefits**

9. This section: (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix); (ii) specifies all assistance to vulnerable groups, including women, and other special groups; and (iii) outlines opportunities for affected persons to derive appropriate development benefits from the project.

## **I. Income Restoration and Rehabilitation**

10. This section: (i) identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources; (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets); (iii) outlines measures to provide social safety net through social insurance and/or project special funds; (iv) describes special measures to support vulnerable groups; (v) explains gender considerations; and (vi) describes training programs.

## **J. Resettlement Budget and Financing Plan**

11. This section: (i) provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation; (ii) describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items); (iii) includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs; and (iv) includes information about the source of funding for the resettlement plan budget.

## **K. Institutional Arrangements**

12. This section: (i) describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan; (ii) includes institutional capacity building

program, including technical assistance, if required; (iii) describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and (iv) describes how women's groups will be involved in resettlement planning and management.

**L. Implementation Schedule**

13. This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

**M. Monitoring and Reporting**

14. This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures.

### APPENDIX 3: FIP CONSULTATION AND PARTICIPATION PLANS

Output1: Community focused and gender responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.							
Stakeholders	Objectives of their intervention	Approach	Participation Method		Time Line		Cost Estimate
			Method	Responsible	Start	End	
Central Government Institutions	Ministry of Environment and Forestry, to plan and implement project activities.	Partnership, depth: high.	Development of project design and guidelines, delivering project activities and inputs, oversight of project implementation, monitoring and evaluation.	Directorate General of Social Forestry and Environmental Partnership	2015	2019	70.000
Executing/Implementing Government Institutions	FMU, District Forestry and Plantation Service, to plan and implement project activities in their areas.	Partnership, depth: high.	Site selection, identification of target groups, coordination meetings, training on participatory planning, delivering project activities and inputs, internal monitoring and evaluation.	FMU	2015	2019	50.000
International and national NGOs	WWF, KOBUS to take part in the project components.	Partnership, depth: high.	Site selection, identification of target groups, coordination meeting, delivering project activities and inputs, internal monitoring and evaluation.	WWF, as anchor NGO	2015	2019	60.000
Research Institutions and Media	CIFOR, UNTAN, to monitor and evaluate program implementation	Partnership, depth: low	External participatory monitoring and evaluation of the project	CIFOR/UNTAN	2015	2019	60.000
Community Organizations	Head of Village, selected community organizations	Partnership, depth: high	Participatory village mapping, development of sedentary sustainable agroforestry for food (paddy, vegetables) and high yield commodities (rubber, cacao); better processing, design and marketing of NTFP (honey, fish, crafts), involvement of men and women in the project processes and get benefit from it equitably.	Head of village and community representatives.	2015	2019	60.000
Private Sectors	Association of Palm Oil, to be informed on the project.	Information generation Depth: low.	Information sharing.	Association of Palm oil	2015	2019	50.000

<b>Output 2: Provincial REDD+ strategy in West Kalimantan is effectively implemented</b>							
Stakeholders	Objectives of intervention	Approach	Participation Method		Time Line		Cost Estimate
			Method	Responsible	Start	End	
Central Government Institutions	Ministry of Environment and Forestry, coordinating and supervising project activities.	Partnership, depth: high	SRAP Review Workshop, Development of Sectoral Action Plan, Coordination Meetings, REDD+ Sectoral Monitoring and Evaluation	Directorate General of Social Forestry and Environmental Partnership	2015	2019	70.000
Executing/Implementing Government Institutions	FMU, BPKH, TN DS, TN BK, Provincial and district Dinas Kehutanan dan Perkebunan, Dinas Pertanian, Dinas Perikanan, Dinas Pariwisata	Partnership, depth: high.	Development of district action plan, implementation of action plans, Regular district coordination meetings, monitoring and evaluation.	Head of Dinas Kehutanan dan Perkebunan	2015	2019	60.000
International and national NGOs	All provincial and district based NGOs, to get more inputs for best strategies formulation and implementation.	Consultation, depth: high.	FGD, participatory monitoring of land use, forest cover and biodiversity.	WWF as anchor NGO	2015	2019	50.000
Research institutions and media	All provincial and district based research and media, to share information, research findings for strategy design and news for dissemination.	Consultation, depth: high.	Exchange of research finding, facts on land use, forest cover and biodiversity for monitoring and evaluation of the project.	CIFOR/UNTAN	2015	2019	60.000
Community Organization	Head of village, Religious and Customary leaders, community groups.	Consultation, depth: high.	Training on participatory land use, forest cover and biodiversity monitoring,	Head of village and community representatives	2015	2019	70.000
Private Sector	Palm Oil Association	Information generation, depth: low.	Information generation and sharing.	Palm Oil Association	2015	2019	30.000

Output 3: Sub-national Policies on carbon stock improvement harmonized with national policies.							
Stakeholders	Objectives of intervention	Approach	Participation Method		Time Line		Cost Estimate
			Method	Responsible	Start	End	
Central Government Institutions	Ministry of Environment and Forestry (Directorate General of Social Forestry and Environmental Partnership), Ministry of Agraria and Spatial Planning to provide policy guidance.	Partnership, depth: high.	Review of the Long-term Forestry Development Plan, development of National Community Forest Expansion Plan.	Directorate General of Social Forestry and Environmental Partnership	2015	2019	60.000
Executing/ Implementing Government Institutions	FMU, BPKH, Dinas Kehutanan dan Perkebunan, TN DS, TN BK, BPDAS, Provincial and district Dinas Kehutanan dan Perkebunan, Dinas Pertanian, Dinas Perikanan, actively contribute to formulate action plans.	Partnership, Depth: high.	Review of the Long-term Forestry Development Plan, adoption of community based forest management plan in the FMU and District Long-term Action Plan.	FMU and Dinas Kehutanan dan Perkebunan	2015	2019	50.000
International and National NGOs	All provincial and district based NGOs, to get more inputs for the action plans development.	Consultation, depth: high.	Need assessment for community-based forest management; Planning workshop on community based forest management.	WWF, as anchor NGO	2015	2019	60.000
Research Institution and Media	All provincial and district based research institutions to provide inputs for action plan and media for coverage.	Partnership, depth: high	Participatory Action Research on community-based forest management, inputs for FMU and District Long-term Action Plan.	CIFOR/ UNTAN	2015	2019	50.000
Community Organizations	Head of village, Religious and Customary Leaders, Community Organization; to capture social and tenurial problems	Partnership, depth: high.	Village participatory need assessment for community-based forest management, participatory planning on community forest development.	Head of village and community representatives	2015	2019	40.000
Private Sector	Palm oil association, to share information.	Information generation and sharing, depth: low.	Information sharing on community-based forest management.		2015	2019	30.000

Stakeholders	Objectives of their intervention	Approach	Participation Method		Time Line		Cost Estimate
			Method	Responsible	Start	End	
Central Government Institutions	Ministry of Environment and Forestry (Directorate General of Social Forestry and Environmental Partnership), Ministry of Finance, Ministry of Agraria and Spatial Planning to provide policy guidance.	Partnership, depth: high.	Identification of sub national (provincial and district) policies (Perda/ Regional Regulation and decrees), carbon stocks policy review, policies related to carbon stocks.	Directorate General of Social Forestry and Environmental Partnership	2016	2018	USD 33,000
Executing/Implementing Government Institutions	FMU, BPKH, Dinas Kehutanan dan Perkebunan, TN DS, TN BK, Provincial and district Dinas Kehutanan dan Perkebunan, Dinas Pertanian, Dinas Perikanan and DPRD, actively contribute to formulate policies.	Partnership, depth: high.	Identification of local policies on carbon stocks, policies (Perda and Decree) review, prioritization program for revision and policy development, new and revision policies development.	FMU, Dinas Kehutanan dan Perkebunan			
International and National NGOs	All provincial and district base NGOs, to get more inputs for the action plans development	Consultation, depth: high.	Public consultation workshop on new, revised policies on carbon stocks.	WWF, as anchor NGO			
Research Institutions and Media	All provincial and district based research institutions to provide inputs and media coverage.	Consultation, depth: high.					
Community Organizations	Head of village, Religious and Customary Leaders, Community Organization; to capture social and tenurial problems	Consultation, depth: high		Head of village and Community Representatives			
Private Sector	Palm oil association, to share information.	Consultation, depth: high.					

**APPENDIX 4: SAMPLE NEGOTIATED SETTLEMENT AGREEMENT**

The following agreement has been made on.....day of ..... between Mr./Ms. , aged....., resident of ..... zone, district ..... (the owner) and ..... (the recipient/subproject proponent).

1. That the land with certificate no.....is a part of ....., is surrounded from eastern side by....., western side by....., northern side by ....., and southern side by..... .
2. That the owner holds the transferable rights of land .....(area in sqm), with plot No..... at the above location (include a copy of the certified map, if available) .
3. That the Owner testifies that the land/structure is free of squatters or encroachers and not subject to any other claims.
  - a. That the owner(s) agree to sell above assets for the negotiated price in accordance with the attached schedule.
  - b. That the project owners agree to pay the agreed price for the land and other assets within two weeks from the date of getting approval for the project from the Government of ...../ PISU.
  - c. In case of any delay in payment within the stipulated time, this agreement will become null and void and the recipient will no longer have any claim over the land and assets.
4. That the recipient shall construct and develop the .....and take all possible precautions to avoid damage to adjacent land/structure/other assets.
5. That the provisions of this agreement will come into force from the date of signing of this deed.

.....  
Name and Signature of the Owner

.....  
Signature of subproject proponent/representative

Witnesses:

- 1.....
  - 2.....
- (Signature, name and address)

**APPENDIX 5: SAMPLE VOLUNTARY DONATION / CONTRIBUTION FORM**

**Voluntary Land Donation Consent Form**

**CERTIFICATE OF LAND/ASSET TRANSFER for VOLUNTARY DONATION**  
*Surat Pernyataan Penyerahan Hak Milik untuk Sumbangan Sukarela*

*I, the undersigned here*  
 Saya, yang bertanda tangan di bawah ini

Name  
 Name :

Age  
 Umur :

Nationality  
 Kebangsaan :

Occupation  
 Kepemilikan :

Occupation  
 Kepemilikan :

Residence Located in  
 Bertempat tinggal di :

Village  
 Desa :

Sub District  
 Kecamatan :

District  
 Kabupaten :

Province  
 Propinsi :

*Certify that I have been previously informed by local authority of my right to entitle compensation*  
*Menyatakan bahwa saya telah mengetahui tentang kompensasi terhadap penyerahan hak milik saya*  
*for any loss of property (land and trees/crops) that might be caused by the construction of*  
*atas kepemilikan Rumah, Tanah dan Pohon yang mungkin diperlukan untuk pembangunan*  
*small-scale village infrastructures (name of development activity) for Forest Managenet Program*  
*infrastruktur komunitas berskala kecil (nama kegiatan) untuk Program Pengelolaan Hutan*  
*in Village: \_\_\_\_\_, Sub district \_\_\_\_\_, District: \_\_\_\_\_*  
*di desa \_\_\_\_\_, Kecamatan \_\_\_\_\_ Kabupaten \_\_\_\_\_*

*I confirm that I voluntarily donate the land of ..... square meters located in*  
*Saya menyatakan dengan suka rela menerima kehilangan atas tanah seluas ..... m<sup>2</sup> terletak di*  
*Village: \_\_\_\_\_ Sub district \_\_\_\_\_, District: \_\_\_\_\_*  
*di desa \_\_\_\_\_, Kecamatan \_\_\_\_\_ Kabupaten \_\_\_\_\_*

*I also confirm that do not request any compensation and would request to consider this*  
*Saya juga menyatakan bahwa Saya tidak meminta kompensasi dan meminta untuk dipertimbangkan*  
*as my contribution and participation to the Project.*  
*sebagai sumbangan dan partisipasi saya terhadap proyek.*

*Type and loss value of the donated asset is as follows*  
*Jenis dan Nilai kerugian atas aset yang disumbangkan adalah sebagai berikut:*

<u>Type of Loss</u> Jenis Kerugian	<u>Quantity</u> Banyaknya	<u>Unit</u> Satuan	<u>Unit Rate</u> Nilai Satuan	<u>Total</u> Total Nilai	<u>Comment</u> Catatan
Land/ Lahan		M <sup>2</sup>			

<i>Trees</i>	<i>Batang</i>
<b><i>Total</i></b>	

Therefore, I prepare and sign this certificate for the proof of my decision.

Demikian, saya membuat dan menandatangani pernyataan sebagai bukti atas keputusan saya

....., ..... 20.....

The owner of the land  
Pemilik Tanah

( \_\_\_\_\_ )

Witnesses:

Saksi-Saksi:

- 1. \_\_\_\_\_ :
- 2. \_\_\_\_\_ :
- 3. \_\_\_\_\_ :
- 4. \_\_\_\_\_ :

Certified by:

The Chief of the Village  
Kepala Desa: \_\_\_\_\_

The Chief of Sub District  
Kepala Kantor Kecamatan \_\_\_\_\_

( \_\_\_\_\_ )

( \_\_\_\_\_ )

# Indigenous Peoples Planning Framework

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Document Status: Draft for FIP Subcommittee Review  
Project Number: 47084  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(As of 25 June 2016)

Currency Unit	–	rupiah (Rp)
Rp1.00	=	\$0.000074
\$1.00	=	Rp13,415

## ABBREVIATIONS

ADB	–	Asian Development Bank
AMAN	–	Aliansi Masyarakat Adat Nusantara (Indigenous Peoples' Alliance of the Archipelago)
EA	–	executing agency
FIP	–	Forest Investment Program
FMU	–	Kesatuan Pengelolaan Hutan (forest management unit)
FPIC	–	free, prior, and informed consent
GHG	–	greenhouse gas
IA	–	implementing agency
ILO	–	International Labor Organization
IP	–	indigenous peoples
IPDP	–	indigenous peoples development plan
IPPF	–	Indigenous peoples planning framework
IP4T	–	Inventarisasi Penguasaan, Pemilikan, Penggunaan dan Pemanfaatan Tanah (Inventory of Control, Ownership, and Utilization of Land)
NGO	–	non-governmental organization
PISU	–	project implementation supporting unit
REDD+	–	reducing emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon stock improvement (+ refers to the last three phrases)
SFM	–	sustainable forest management
SIA	–	social impact assessment
SPS	–	Safeguard Policy Statement
UN	–	The United Nations

## DEFINITION OF TERMS

Adat land	Lands that belong to masyarakat hukum adat based on their customary law and tradition inherited from their ancestors
Affected Residents / Population / Entitled Persons	Refers to any person or persons, customary community, private or public institution who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihood) as a result of i) acquisition of land; ii) restriction on land use or on access to legally designated parks and protected areas. The affected populations are parties who control or possess an object land acquisition.
Census of affected persons	<p>The census is a count of all displaced persons irrespective of their titled or non-titled land ownership status. Its purpose is to accurately document the number of displaced persons and to create an inventory of their losses finalized on the basis of a Detailed Measurement Survey.</p> <p>A census describes the persons who are displaced, their livelihoods and income sources, and what they are likely to lose because of the project.</p>
Compensation	Proper and equitable replacement provided in the form of cash or other agreed in kind at replacement cost to the affected person / entitled party in the process of land acquisition or resettlement for the assets and livelihoods lost or affected by the project.
Entitled party	Party that controls or possesses land acquisition object
Free and Prior Informed Consent	Refers to the consensus of all members of an IP community to be determined in accordance with their respective customary laws and practices, free from any external manipulation, interference and coercion, and obtained after fully disclosing the intent and scope of the activity, in a language and process understandable to the community.
Indigenous Knowledge Systems and Practices	Refer to systems, institutions, mechanisms, and technologies comprising a unique body of knowledge evolved through time that embody patterns of relationships between and among peoples and between peoples, their lands and resource environment, including such spheres of relationships which may include social, political, cultural, economic, religious spheres, and which are the direct outcome of the indigenous peoples, responses to certain needs consisting of adaptive mechanisms which have allowed indigenous peoples to survive and thrive within their given socio-cultural and biophysical conditions.
Land Acquisition object	Land, space above ground and below ground, buildings, plants, objects related to land, or any other objects that can be assessed
Masyarakat hukum adat (or IPs)	Customary or indigenous community is a distinct community that is characterized by; i) the existence of group of people who has a collective attachment to a certain customary legal order as a whole community of an alliance with a particular customary law, who recognizes and implements the tradition in their daily life; ii) the existence of certain

customary lands, which are the environment of the customary community and the area where they take their daily needs; and iii) the existence of common law regarding the maintenance of order, dominance, and applicable customary land use adhered by the members of the community. PP No. 71/2012, Article 22.

Protected Area	Refers to identified portions of land and water set aside by reasons of their unique physical and biological significance, managed to enhance biological diversity and protected against destructive human exploitation.
Ulayat	A bundle of rights that belong to <i>masyarakat hukum adat</i> based on their <i>adat</i> law especially rights to lands and to govern the <i>adat</i> territory

#### **NOTE**

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

### A. Project Description

1. As a pilot country of the Forest Investment Program (FIP)<sup>1</sup> under Climate Investment Funds, the Government of Indonesia (the government) prepared a forest investment plan with support from the Asian Development Bank (ADB), World Bank and International Finance Corporation (IFC). At the request of the government, ADB proposed to administer the “Community-Focused Investments to Address Deforestation and Forest Degradation” project. The project will support the government and customary communities in their efforts to sustainably manage forests and reduce greenhouse gas (GHG) emissions through enhancing institutional and technical capacity, and improving livelihood of rural communities to address drivers of deforestation and forest degradation. The project will support implementation of community-focused and gender-responsive pilots for reducing emissions from deforestation and forest degradation (REDD+) in five forest management units (FMUs) in Kapuas Hulu and Sintang districts of West Kalimantan province, one of the top five provinces contributing to GHG emissions with a mean deforestation rate of 132,500 ha per year. The project will also contribute to effective implementation of provincial REDD+ strategy and harmonization of sub-national fiscal policies on REDD+ with national policies.

2. The project will aim at bringing multiple benefits to forest-dependent communities, including customary law communities (masyarakat hukum adat – MHA) in the project area by strengthening institutions to adopt community-based forest management (CBFM) approach. The project will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia’s economic development 2011–2025, national action plan to reduce GHG emissions, national REDD+ strategy<sup>2</sup> and West Kalimantan’s provincial action plan to reduce emissions. The project will take into consideration economic, social, cultural and environmental aspects of community governance system as a social capital. It provides strong links with ADB technical assistance<sup>3</sup> on sustainable forest management and with projects of other development partners.

3. The expected impact will be increased environmental and livelihood benefits. The outcome will be improved REDD+ implementation in project areas of West Kalimantan province. The project will have three outputs: (i) community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented); (ii) provincial REDD+ strategy in West Kalimantan effectively implemented; and (iii) sub-national fiscal policies on REDD+ harmonized with national policies.

4. The outputs will be achieved through implementation of activities, which are based on local communities’ needs and good practices in terms of enhancing economic development and sustainable forest management. Most of planned activities are those that have been practiced by communities which have received support from development partners such GIZ-FORCLIME, Australia, USA, Norway, non-governmental organizations and government’s own initiatives.

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<sup>1</sup> Forest Investment Program (FIP) is one of the three sub-programs under Strategic Climate Fund of Climate Investment Funds (CIF). FIP sub-committee endorsed investment plan ([https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_6\\_Indonesia\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf)) in November 2012 for \$70 million (\$37.5 million grant and \$32.5 million soft loan). The ADB and the World Bank are the partner agencies for the grants while the IFC will provide soft loans. The World Bank project will support decentralized forest management by enabling institutional arrangements at national level and operationalizing FMUs. The IFC project will demonstrate replicable REDD+ business models for small and medium enterprises.

<sup>2</sup> Indonesia REDD+ Task Force. 2012. REDD+ National Strategy, Jakarta, Indonesia.

<sup>3</sup> ADB, 2013. Technical Assistance to Indonesia for Sustainable Forest and Biodiversity Management in Borneo. Manila (TA 8331).

Rubber agroforestry, provision of alternative livelihoods, improvement of honey collection and fishing practices, forest fire management, are some of the proposed activities that resulted from communities' initiatives. In addition, there are a number of activities to support community governance systems, improvement of capacity for forest products utilization, value addition and enterprise development. To enhance the effectiveness of these activities, there will be a number of activities for FMU staff and related district and provincial officials.<sup>4</sup>

5. The project will follow CBFM as its main approach. Communities will play the main role in addressing sustainable forest management both in production and conservation forests, in which the activities planned for community empowerment, such as Hutan Tanaman Rakyat (HTR) or community plantation, will be implemented. The project will collaborate with the FIP Dedicated Grant Mechanism for Indigenous People and Local Communities.

## **B. Project Location**

6. The project will be implemented in 17 villages of five FMUs in Sintang and Kapuas Hulu districts of West Kalimantan province. Of these, six villages in Kapuas Hulu district (Bunut Hulu, Nanga Tuan, Nanga Nyabau, Rantau Prapat, Sibau Hulu, and Sibau Hilir); and four villages in Sintang district - Kayu Dujung, Senangan Kecil, Radin Jaya, and Tanjung Sari are proposed for land-based interventions (Table 1). Figures 1 and 2 provide the indicative locations of proposed interventions. All these 10 villages are located in forest area (*Kawasan Hutan*), area which belongs to the State. In addition, there are seven villages located next to demonstration activities area to support the effectiveness of REDD+ related targets. These seven villages are in non-forest area, or legally known as Area Penggunaan Lain (APL).

7. Nearly all communities in the project area are customary law communities or *masyarakat hukum adat* (MHA). Communities in project sites are mostly Dayak. *Tumenggung* is the highest authority in the community governing system with responsibility for conflict resolution, authorization of opening of a forest area for agriculture, and coordination of lower adat structures such as *kepala adat dusun* (adat chieftance of hamlets). Melayu adat structure is headed by a *Penghulu*, who holds a religious position as well as other community governing system.

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<sup>4</sup> Detailed activities are in design and monitoring framework (DMF) in Appendix 1.

**Table 1. Selected Sites and Households For Land-Based Interventions**

Site	Total FIP Restoration area (ha)	Estimated number of households	Rubber agroforestry (rubber+coffee) (ha)	Gaharu agroforestry (gaharu+coffee) (ha)	Rubber plantation (HTR) (ha)
<b>Sintang</b>					
1 Radin Jaya	150	150	80	10	60
2 Tanjung Sari	120	120	110	10	0
3 Kayu Dujung	120	120	110	10	0
4 Senangan Kecil	120	120	110	10	0
<b>Subtotal for Sintang</b>	<b>510</b>	<b>510</b>	<b>410</b>	<b>40</b>	<b>60</b>
<b>Kapuas Hulu</b>					
1 Rantau Prapat	120	120	110	10	0
2 Nanga Nyabau	120	120	110	10	0
3 Sibau Hulu	120	120	110	10	0
4 Sibau Hilir	120	120	110	10	0
5 Bunut Hulu	120	120	110	10	0
6 Nanga Tuan	120	120	120	0	0
<b>Subtotal for Kapuas Hulu</b>	<b>720</b>	<b>720</b>	<b>670</b>	<b>50</b>	<b>0</b>
<b>TOTAL</b>	<b>1,230</b>	<b>1,230</b>	<b>1,080</b>	<b>90</b>	<b>60</b>

**Figure 1. Location of Project Interventions in Kapuas Hulu District**

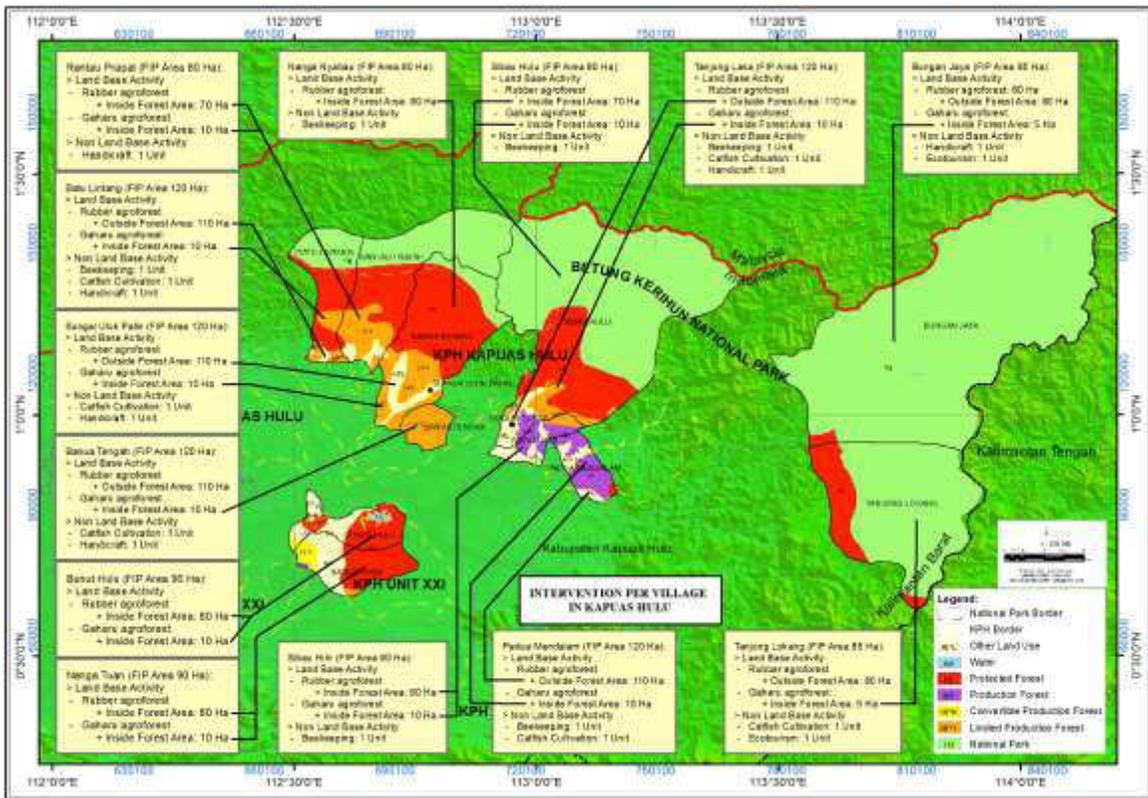
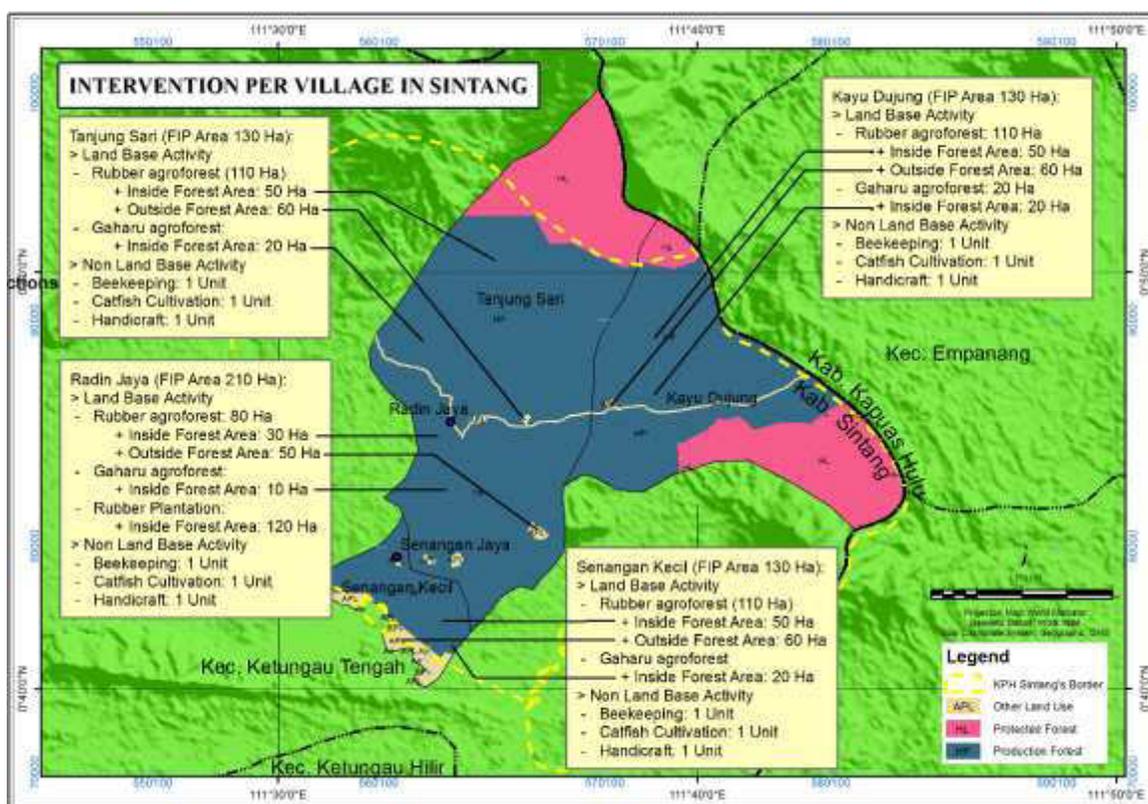


Figure 2. Location of Project Interventions in Sintang District



### C. Rationale for an Indigenous Peoples Planning Framework

8. The 2009 ADB Safeguards Policy Statement (SPS) that covers indigenous peoples (IP) is triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of IPs or affects the territories or natural or cultural resources that IPs own, use, occupy, or claim. Based on the socio-demographic and anthropological characteristics of the project site beneficiaries in West Kalimantan, an indigenous peoples planning framework (IPPF) was prepared to provide guidance in the preparation and implementation of indigenous peoples development plans (IPDP) based on the results of social impact assessment (SIA) and to be updated (when necessary) in each FMU. IPPF is also prepared to safeguard MHA rights in accordance with the Indonesian national and provincial laws or regulations and the ADB's SPS.

9. Data from the Central Statistics Agency/*Badan Pusat Statistik* shows that Indonesian population in 2015 is 255.46 million.<sup>5</sup> The government recognizes 365 ethnic and sub-ethnic groups, of which there are many *komunitas adat terpencil* (KAT) or geographically isolated customary communities.<sup>6</sup> The number of KAT is approximately 1.1 million. Many more people, however, consider themselves, or are considered by others, to be customary communities. The national indigenous peoples' organization, Aliansi Masyarakat Adat Nusantara (AMAN), uses the term *masyarakat adat* to refer to customary communities. A conservative estimate of the number of customary communities by AMAN amounts to between 30 and 40 million people.<sup>7</sup> In

<sup>5</sup> [http://www.bps.go.id/tab\\_sub/view.php?kat=1&tabel=1&daftar=1&id\\_subyek=12&notab=12](http://www.bps.go.id/tab_sub/view.php?kat=1&tabel=1&daftar=1&id_subyek=12&notab=12); see also: Proyeksi Penduduk Indonesia 2010 –2035, Badan Pusat Statistik 2013.

<sup>6</sup> IWGIA, 'Indigenous World', 2013.

<sup>7</sup> IWGIA, "Indigenous World 2011", page 271.

its press release on the inauguration of its 14<sup>th</sup> AMAN congress, AMAN noted that the population of customary communities in Indonesia is 70 million.<sup>8</sup> There is not yet official data of the number of customary communities in West Kalimantan. The concept of ancestral domain is acknowledged and the Indonesian Indigenous Peoples' Alliance of the Archipelago, together with the Network for Participatory Mapping (JKPP), has officially handed over 265 maps of ancestral domains registered in the Ancestral Domain Registration Agency (BRWA), covering 2,402,222 hectares, to the Indonesia's Geospatial Information Agency (BIG).

10. Within the project districts (Kapuas Hulu and Sintang), several IPs are recognized as Customary Law Community or "*Masyarakat Hukum Adat*" in terms of isolated and/or vulnerable peoples.<sup>9</sup> These IPs or *masyarakat hukum adat* (MHA) are recognized by domestic law and their presence is noted in the project areas. The project includes customary communities to be beneficiaries of the project along with other forest communities. Two out of three outputs are anticipated to have directly or indirectly positive impacts on IP communities. While overall IP concerns on cultural integrity are built into the project design. Potential negative impacts, such as temporary restricted access to forest areas, may also arise and will be mitigated accordingly as the project is implemented through a participatory CBFM approach.

11. The project gives high importance to the needs and preferences of MHAs who have been experiencing: (i) social exclusion in decision making related to forest resources and (ii) poverty due to the lack of access to basic infrastructure facilities and livelihood opportunities. The project aims to ensure a sustained increase in household income of MHAs. These opportunities are expected to prevent further exploitation of the forest areas. The project will provide opportunities and positive results to MHAs and the strategy in achieving this objective is described in this IPPF and detailed information will be presented in the IPDP. Potential social impacts of the project to the MHA way of life, culture and traditions are appropriately addressed during sub-projects (activities) preparation and implementation, to ensure culturally appropriate socio- economic benefits.

12. The IPPF takes into account the uniqueness of prevailing conditions in West Kalimantan. Due considerations are made in the preparation of this framework document as follows: (i) significant number of the population in the project are MHAs, who generally have higher poverty rates as compared with the nationally dominant groups, and (ii) impacts are expected to be positive as MHAs' concerns and priorities have been incorporated in the overall project design and negative impacts will be mitigated accordingly; (iii) vulnerability of MHAs will be assessed and programs will cater to the needs of more vulnerable MHAs. Despite the identification of participating villages and FMUs, details of specific impacts have not been prepared and finalized. The project is rooted in CBFM approach, which will require detailed priorities, activities and plans from communities for effective project implementation. Additional details will be provided during implementation and IPDP will be prepared after the project approval.

## II. OBJECTIVES AND POLICY FRAMEWORK

### A. Objectives and Principles

13. The main objective of this IPPF is to help ensure that subprojects are designed and implemented in a way that fosters full respect for MHA identity, dignity, human rights, livelihood

<sup>8</sup> <http://www.aman.or.id/2013/03/17/>.

<sup>9</sup> As mentioned in WB data on Indigenous People Map and *KAT-Kelompok Adat Terpencil* (Remote Customary Community Groups).

systems, and cultural uniqueness as defined by the MHAs themselves to enable them to: (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of the project, and (iii) can participate actively in the project.<sup>10</sup> This IPPF safeguards the rights of IPs to participate and equitably receive culturally appropriate benefits from the project. An IPDP will be prepared if a subproject triggers IP safeguards. The project will strengthen capacity of MHAs for preventing deforestation and forest degradation, and tenure clarity through conflict management. Customary communities will participate in REDD+ pilots focusing on livelihood and will have capacity to develop value added non-timber forest products processes. They will also manage and showcase their culture through ecotourism which in turn can raise their income and connect them to markets. Activities on food production may prevent the community from opening up more forest areas for shifting cultivation. Communities are able to participate in sustainable food production management. Provision of electricity for communities will be further used to support domestic activities.

## B. Legal Framework

### 1. National Laws

14. The National Medium Term Development Plan 2015-2019 addresses poverty as one of its development mission. Mission 5 of the medium term development plan is to realize equal distribution of just development through enhancing local development; lessening social gap; tackling poverty and unemployment; providing access to social services; and erasing discrimination and gender inequality. For tackling poverty, government has identified three categories of households with the lowest income to be targeted: underutilized and part time worker including peasant households, micro business and unpaid worker, and the poor without asset and job. The strategy to tackle poverty covers four areas: social protection program, access to basic services, empowerment of the poor, and inclusive development program. It also address right-based approach<sup>11</sup> in tackling poverty by providing programs related to fulfillment of basic rights and needs. The objective of the project is in line with the national strategy to tackle poverty through emphasizing the customary rights to lands, ensuring that there will be as minimum as possible involuntary resettlement due to implementation of the project.

15. The definition of IPs in Indonesia's legal system can be found in some laws. The existence of *adat* communities is recognized in the constitution, namely in Article 18 and its explanatory memorandum. It states that in regulating a self-governing region and *adat* communities, government needs to respect the ancestral rights of those territories. After amendments, recognition of the existence of *adat* communities was provided in Article 18 B Para. 2 (concerning "*adat* law community" and regional government) and Article 28 I Para. 3 ("*traditional* community" and Human Rights).

16. Act No. 5 of 1960 concerning Basic Regulations on Agrarian Principles (or Basic Agrarian Law, BAL), Article 2 Para. 4, Article 3, and 5 provide general principles that accommodate recognition of *adat* communities, *ulayat* land rights, and *adat* laws. In later developments BAL recognition of *adat* law is straightforwardly tied to "national interest".

<sup>10</sup> ADB Safeguards Policy Statement 2009, Annex 3.

<sup>11</sup> A rights-based approach (RBA) to development is a framework that integrates the norms, principles, standards and goals of the international human rights system into the plans and processes of development. It is characterised by methods and activities that link the human rights system and its inherent notion of power and struggle with development. RBA is able to recognise poverty as injustice and include marginalisation, discrimination, and exploitation as central causes of poverty. See, for example, Jakob Kirkemann Boesen & Tomas Martin, The Danish Institute for Human Rights, 2007, page 9.

17. Law 41/1999 on forestry does not provide a definition of *masyarakat hukum adat*, also widely known as *adat* community (*masyarakat adat*). However, the elucidation of Article 67 (2) of Law 41/1999 lists five conditions, on the basis of which the government will recognize customary community: (i) in the people's daily life, it still is a communal society (*paguyuban*); (ii) the community has *adat* institutions and *adat* leaders; (iii) the community has clear boundaries; (iv) the community has well-functioning customary law institutions, particularly an *adat* judicial system; and (v) the community still collects forest products for its subsistence.

18. Government Regulation in lieu of Law No. 41/1999 on forestry addresses in its Article 83A that all licences or agreements on mining in forest area that exist before enactment of Law No. 41/1999 will remain active until the termination of those licences or agreements.

19. Forestry Ministry Decree No. P.16/Menhut-II/2014 on The Guideline for Leasing Forest Area for non-forestry purposes stipulates that that forest area can be used for non-forestry purposes, among others, development of religious buildings, graveyards, electric generators, public roads, and development of renewable energy. Article 30 (e) states that right holder of land leasing in forest area has the obligation to empower communities in the area.

20. At international level, the term 'indigenous peoples' was used by the UN agencies such as International Labor Organization (ILO). The UN has developed a modern understanding of the term 'indigenous peoples' based on: (i) self identification as indigenous peoples at the individual level and accepted by the community as their member; (ii) historical continuity with pre-colonial and/or pre-settler societies; (iii) strong link to territories and surrounding natural resources; (iv) distinct social, economic or political systems; (v) distinct language, culture and beliefs; (vi) form non dominant groups of society; and (vii) resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. ILO definition of indigenous peoples is stated in ILO Convention 169: Peoples who are regarded as indigenous are peoples that on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.

21. AMAN, an indigenous peoples organization of Indonesia defines IP as follows. Indigenous communities are a group of people who have lived on their ancestral land for generations, have sovereignty over the land and natural wealth in their customary bounded territory, where *adat* (customary) law and institutions arrange the social life of the community, and carry out the social-political and economic lives of the community.

22. The most recent Indonesia's policy on customary communities was the Constitutional Court Decision No. 35/2012, which was officially enacted on 16 May 2013 regarding the status of *adat* forest. The Constitution of the Republic of Indonesia Article 18 B and 28 I recognize customary communities' existence and traditional rights, though it includes conditions for the recognition: 'as far as they still exist, conform with social development, in line with the principles of the Republic of Indonesia, and administered by law'. The conditions have been used in various laws mentioning the recognition of customary communities or '*masyarakat hukum adat*'. Other laws that impinge on the plight of indigenous peoples are as follows:

- (i) **Regulation No. 5 of 1999** by the Minister of State, Agrarian Head of National Land provides guidance for resolution of problems within ulayat lands of *adat* law communities.

- (ii) **Act No. 39 of 1999 on Human Rights.** Article 6 Para. 1: “In the framework of maintenance of human rights, the differences in and the needs of, adat law communities are observed and protected by the law of society and Government.” Article 6 Para. 2: “Cultural identity of *adat* law communities, including rights to *ulayat* land, is protected in line with the evolvement of time.”
- (iii) The government national legislation **Presidential Decree No. 111/1999** sets the criteria of identifying customary communities as follows: (i) in form of small, closed and homogenous community; (ii) social infrastructure supported by kinship; (iii) in general geographically remote and relatively difficult to reach; (iv) in general living off a subsistence economy; (v) its equipment and technology is simple; (vi) dependency on local environment and natural resources are relatively high; and (viii) limited access to social, economic, and political services.
- (iv) **Act No. 25.** By 2000, Act No. 25 concerning the National Development Program (*Program Pembangunan Nasional; PROPENAS*), stresses that the legal system for management of natural resources must have the perspectives of sustainability, respect for human rights, democracy, gender equality, and good governance. It asserts the importance of active participation of communities in making use of, access to, and controlling the use of, natural resources in the framework of protecting public rights and rights of *adat* communities (AppendixChapter X).
- (v) **Act No. 23/2014 concerning Local Government** – establishes division of authority between Central, Provincial and District Government regarding *ulayat* land and recognition of customary law communities or MHA. According to division of authority between central and local government, legal decree on cross-district-border *ulayat* land that is under the authority of provincial government; District government has the authority of issuing legal decree on to *ulayat* land in the district. Recognition of MHA, and their local wisdom and environmental related rights is under central government authority for cross-provincial border MHA; under provincial government for cross-district border MHA; and under district government for MHA in the district. Central, provincial and district governments are all in charge of enhancing capacity of MHA under their authority.
- (vi) Indonesia is a signatory to the **2008 UN Declaration on the Rights of Indigenous Peoples.** The UN General Assembly adopted the UN Declaration on the Rights of Indigenous Peoples during its 61st session on 13 September 2007. While it is not a legally binding instrument under international law, according to a UN press release, it does “represent the dynamic development of international legal norms and it reflects the commitment of the UN's member states to move in certain directions”. The UN describes it as setting “an important standard for the treatment of indigenous peoples that will undoubtedly be a significant tool towards eliminating human rights violations against the planet's 370 million indigenous people and assisting them in combating discrimination and marginalization”.

- (vii) **Environmental Protection and Management (Law No. 32 of 2009).** Article 1 Traditional Community<sup>12</sup> shall be a group of communities living traditionally in a specific geographic area because of binding in origin of ancestor, strong relations with the environment as well as system of values determining economic, political, social and legal structures. Article 63 (2n) tasks local governments to stipulate policies on procedures for recognizing the existence of traditional communities, local wisdom, and rights of traditional communities with respects to environmental protection and management, and (3k) implement policies on procedures for recognizing the existence of traditional communities, local wisdom, and rights of traditional communities with respect to environmental protection and management in the regency/municipal level.
- (viii) There is a bill on the recognition and protection of indigenous peoples (Rancangan Undang-Undang Pengakuan dan Perlindungan Hak Masyarakat Adat, RUU PPHMA) which has been proposed for legislation process by AMAN and its network. The bill stipulates a wide range of rights that the State should recognize and protect including right to: development, culture and spirituality, practice their adat judiciary system, and environment.

23. MOEF, through the Joint Regulation of Minister of Home Affairs, Minister of Forestry, Minister of Public Works and Head of National Land Agency on Procedure of Resolution of Land Tenurial Issues in Forest Areas (2014) specifically under Article 9 acknowledge that “*Indigenous peoples shall be recognized according to the applicable laws and regulations.*” This regulation was issued in order to resolve issues on peoples’ rights over forest areas. Insofar as they still hold tenure over lands in forest areas and the rights are in compliance with the principles of the Unitary State of Indonesia, people rights need to be recognized and protected. It stipulates in Article 1 (17) that recognition of right to lands is the granting of right to lands which have no legal evidences of ownership but have been proven in fact that it has been physically controlled for 20 years as it is stated in the Article 61 of Agrarian Ministry/Head of National Land Agency Decree No. 3/1997. Article 9 of the Joint Regulation stipulates that recognition of rights of customary communities is carried out in line with laws and regulations. This Joint Regulation is anchored on the following:

- (i) Constitutional Court Ruling No. 34/PUU-IX/2011 the State control of forests shall take into account and respect people land rights;
- (ii) Constitutional Court Ruling No. 45/PUU-IX/2011 Forest Area Designation shall immediately be finalized to generate legal and equitable forest areas;
- (iii) Constitutional Court Ruling No. 35/PUU-X/2012 customary forests are not State forests; and
- (iv) Joint Memorandum of Understanding (Joint MoU) on Acceleration of Indonesian Forest Area Designation Process has been executed by 12 Ministries/State Agencies (11 March 2013).

## 2. ADB Safeguards Policy Statement of 2009

24. ADB’s SPS consists of three operational policies on the environment, indigenous peoples, and involuntary resettlement. The safeguard policies require that: (i) impacts are

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<sup>12</sup> There is no formal explanation on whether ‘*masyarakat hukum adat*’ is the same as ‘*masyarakat tradisional*’ (to put the original words in Bahasa Indonesia). But both have ‘*hak tradisional*’ or traditional rights as stated by Article 18 B and 28 I of the Constitution and its elucidation.

identified and assessed early in the project cycle; (ii) plans to avoid, minimize, mitigate, or compensate for the potential adverse impacts are developed and implemented; and (iii) affected people are informed and consulted during project preparation and implementation. Specific for indigenous people planning, the requirements include: (i) consultation and participation; (ii) social impact assessment; (iii) indigenous peoples planning; (iv) information disclosure; (v) grievance redress mechanism (GRM); (vi) monitoring and reporting; and (vii) unanticipated impacts.

25. The ADB policy on Gender and Development adopts gender mainstreaming as a key strategy for promoting gender equity, and ensuring participation of women and that their needs are explicitly addressed in the decision-making process for development activities.

26. The ADB Public Communications Policy seeks to encourage the participation and understanding of people and other stakeholders affected by ADB-assisted activities. Information on ADB-funded projects should start early in the preparation phase and continue throughout all stages of project development, in order to facilitate dialogue with affected people and other stakeholders.

### **3. Comparison Between Government Regulations and ADB SPS**

27. In general, the main principles of the government policies related to customary communities and consultation and social assessment has been reflected under ADB SPS 2009. It is also noted that the term MHA finds its equivalence in usage with that of the ADB SPS 2009. As such, this document throughout refers to IPs as MHA.

28. A comparison between ADB SPS 2009 and the government regulations is presented in Table 2 along with gap filling measures that have become integral to the project design.

**Table 2. Comparison Between the Government Regulations and ADB SPS 2009**

ADB Requirements	GOI Laws and regulations	ADB SPS 2009	Gaps identified	Gap Filling/ Project Policy
Consultation and Participation	<p>Law No. 41/1999 on Forestry Article 70 (1) Communities shall participate in forestry development (2) Government has the obligation to endorse community participation through various forestry activities</p> <p>Law No. 5/1990 on Biological Resources and Ecosystem Conservation Article 37 (1) Peoples participation in natural biological resources and its ecosystem management endorsed by Government through various activities</p> <p>Law No. 26/2007 on Spatial Planning Article 65 1. Spatial planning arrangement is carried out by Government with community participation 2. Community participation includes: participation in planning, utilization control of spatial utilization</p> <p>Law No. 32/2009 on Environment Management Article 65 (2) Every people have right to environmental education, access to information and participation</p> <p>Government Regulation No. 27/2012 on Environmental Licence Article 9 (2.b) Peoples participation is endorsed through public consultation.</p>	<p>Undertake meaningful consultations with affected customary communities and concerned customary communities organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and (ii) in tailoring project benefits for affected customary communities in a culturally appropriate manner. To enhance customary communities' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development.</p>	<p>GOI upholds socialization in any developmental undertaking. However, participation and meaningful consultation are two different concepts and understanding. Participation does not mean that there is meaningful consultation while meaningful consultation requires full and effective participation.</p> <p>Free, prior and informed consent is not operational.</p>	<p>The EA/IA will undertake meaningful consultation with affected MHA communities to ensure their informed participation.</p> <p>The EA/IA will ascertain free and prior informed consent by way of broad community support to project activities that result to: (i) commercial development of the cultural resources and knowledge of customary law communities (MHA); (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihood or the cultural, ceremonial, or spiritual uses that define the identity of MHA.</p>

ADB Requirements	GOI Laws and regulations	ADB SPS 2009	Gaps identified	Gap Filling/ Project Policy
Social Impact Assessment	<p>Government Regulation No. 27/2012 on Environmental License Article 29 (4)</p> <p>Recommendation as referred to Article 29 (3) was made based on considerations of (a) careful estimation of magnitude and important characteristic of social, economy, culture, spatial planning, and health condition of the communities at pre-construction, construction, implementation, and post-implementation of activities; (b) evaluation of overall hypothetical impacts as a holistic and inter-related impacts to know positive and negative impacts; and (c) project developer capacity to take mitigation actions to address negative impacts</p>	<p>Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on customary communities. Give full consideration to options the affected customary communities prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected customary communities that are culturally appropriate and gender and inter-generationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on customary communities.</p>	<p>Under the Joint Regulation, SIA is through the IP4T that conducts an inventory of assets that will be affected but impacts on MHAs are not assessed</p> <p>Special attention for customary communities needs to be done under consideration that they are socially, economically and legally vulnerable and hence shall be protected.</p>	<p>When screening confirms likely impacts on MHAs, the EA/IA will recruit qualified and experienced experts to carry out social impact assessment (SIA).</p> <p>SIA should be carried out in a culturally appropriate and gender sensitive manner.</p>
IP Planning	<p>(3) Acquisition of Land in the Public Interest shall be performed through planning with involving all the guardians and stakeholders.</p> <p><i>Elucidation of Article 7 (3):</i>  <i>“Guardians” means, inter alia, customary leaders and clerics.</i>  <i>“Stakeholders” means any person or party having interest in the objects of the disposed land, such as the Entitled Parties, the government, and the community.</i></p>	<p>Prepare an IP development plan (IPDP) that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected customary communities. The IPDP includes a framework for continued consultation with</p>	<p>IP planning is largely documented merely as part of the consultation process with no framework and elements of action planning.</p>	<p>If the screening and SIA indicate that the proposed project will have impacts, positive and/or negative, on MHAs, the EA/IA will prepare an IPDP in the context of the SIA and through meaningful consultation with the affected MHA communities. The IPDP will have key elements that ensure MHAs receive culturally appropriate benefits; identifies measures</p>

ADB Requirements	GOI Laws and regulations	ADB SPS 2009	Gaps identified	Gap Filling/ Project Policy
	<p>Forestry Ministry Decree No. P.16/Menhut-II/2014 on The Guideline for Leasing Forest Area for non-forestry purposes stipulates that that forest area can be used for non-forestry purposes, among else, development of religious buildings, graveyard, electric generators, public roads, and development of renewable energy. It addresses in Article 30 (e) that right holder of land leasing in forest area has the obligation to provide community empowerment for communities in the area.</p>	<p>the affected customary communities during project implementation; specifies measures to ensure that customary communities receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.</p>		<p>to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.</p>
Information Disclosure	<p>Law No. 26/2007 on Spatial Planning Article 13 (2.b) states that there shall be socialization of laws and regulations in the development of spatial planning</p>	<p>Disclose a draft IPDP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected customary communities and other stakeholders. The final IPDP and its updates will also be disclosed to the affected customary communities and other stakeholders.</p>	<p>While there is strong statement on the need to conduct socialization, GOI laws are silent on disclosure – its mechanisms and items requiring disclosure.</p>	<p>The EA/IA will submit to ADB the following documents to disclose on ADB's website (a) a draft IPDP and/or an IPPF, endorsed by the EA, before appraisal; (b) a final IPDP upon completion; (c) a new or updated IPDP and a corrective action plan prepared during implementation, if any; and (d) monitoring reports. Project documents will also be disclosed to affected MHA communities and other stakeholders and when applicable, using the prevailing local language.</p>

ADB Requirements	GOI Laws and regulations	ADB SPS 2009	Gaps identified	Gap Filling/ Project Policy
				The provision of Regulation just puts on socialization as a legal obligation but no detailed explanation on how it shall be carried out.
Grievance Redress Mechanism	Law No. 26/2007 on Spatial Planning Article 55 (5) provides that community may raise their complaints to Local Government.	Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the customary communities' concerns.	GRM is not explicit on cultural sensitivity.	The EA/IA will establish a culturally acceptable and gender sensitive mechanism to receive and facilitate resolution of the affected MHA communities' concerns, complaints, and grievances.
Monitoring and Reporting	Government Regulation Number 8 Year 2008 on Phases of Procedures for Formulating, Controlling and Evaluating the Implementation of Regional Development Plan (Statute Book of the Republic of Indonesia Year 2008 Number 21, Supplement to Statute Book of the Republic of Indonesia Number 4R17).	Monitor implementation of the IPDP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPDP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPDP monitoring. Disclose monitoring reports.	Monitoring and reporting not specific to projects like FIP with inclusion of communities.	The EA/IA will monitor and measure the progress of implementation of the IPDP; EA/IA to ensure community involvement in monitoring

#### 4. Project Policies

29. The project, under the guidance of the MOEF, shall uphold legal provisions of the government in harmony with ADB-SPS 2009 safeguard requirements applicable to MHAs. Based on the equivalence-gap matrix, the following principles will be upheld:

- (i) Screen early on to determine if MHAs are present in project areas and determine the likelihood of impacts on MHAs per project activities and per FMU.
- (ii) Undertake culturally appropriate and gender-sensitive SIA to assess potential project impacts on MHAs.
- (iii) Conduct meaningful consultations with affected MHAs to solicit their participation across the project cycle to (i) avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; (ii) develop project benefits for affected MHAs in a culturally appropriate manner; (iii) provide culturally appropriate and gender inclusive capacity development; and (iv) establish a culturally appropriate and gender inclusive GRM.
- (iv) Ensure consent of affected MHAs to the following project activities: (i) commercial development of the cultural resources and knowledge of IPs; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of IPs. Consent shall refer to a collective expression by the MHA, through individuals and/or their recognized representatives, of broad community support for project activities.
- (v) The issues of access restriction and physical displacement from protected areas and natural resources will be avoided as much as possible by participatory zoning and mapping exercises. Local IPs will participate in the zoning and mapping activities in order to fully benefit from the subprojects.
- (vi) In full consultation with local IP communities, the zoning and mapping exercises will define the areas with customary rights of the local IP and reflect the issues in the IPDP with particular actions to protect or compensate IP communities.
- (vii) Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that MHAs participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.
- (viii) Prepare an IPDP based on SIA to include a framework for continued consultation with the MHAs during project implementation; specifies measures to ensure that they receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate GRM, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.
- (ix) Disclose the draft IPDP, including documentation of the consultation process and

the results of the SIA in a timely manner, in an accessible place and in a form and language understandable to affected MHAs. The final IPDP and its updates will also be disclosed to the MHA communities. Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that MHAs have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.

- (x) Monitor implementation of the IPDP using qualified and experienced experts; adopt a participatory monitoring approach and assess whether IPDP objectives and desired outcomes have been achieved taking into account the baseline conditions and the results of IPDP monitoring.
- (xi) Disclose monitoring reports. The objective of the above project policies is to design and implement projects in a way that fosters full respect for MHAs' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the MHAs themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) should participate actively in projects that affect them.

30. The FIP approach therefore is anchored on improving development outcomes for MHAs through their informed participation and decision-making. Culturally sensitive social participation modalities are central to the FIP operations, building on peoples' knowledge and capacities in the process of transferring technology and extending access to opportunities. REDD+ safeguards principles will be equally applied and harmonized accordingly.

### **C. Subproject Screening Criteria**

31. The following criteria are used for selection of villages to be included in the project:

- (i) The selected villages shall not be inside a forest concession, nor under intervention by another donor, to avoid conflict of interest with other parties. Rather, it must be located in and or nearby a FMU area, including area with customary lands but free of conflicts between MHA communities;
- (ii) The selected villages shall be assessed as eligible by the MOEF, ADB, and FMUs in Kapuas Hulu and Sintang;
- (iii) The selected villages, particularly in Kapuas Hulu, shall have strategic position in protecting at least one of the two national parks, namely Betung Kerihun and Danau Sentarum;
- (iv) The selected villages shall contain degraded forest lands and bare lands;
- (v) The selected villages have poor communities who depend much on forest and forest land in making their living; and
- (vi) The village community shall have high interest and strong commitment to implement the FIP activities.

### III. IDENTIFICATION OF MASYARAKAT HUKUM ADAT (MHA)

#### A. Screening for MHAs

32. The ADB SPS provides a checklist as to who can be covered under the policy largely rooted on vulnerability and marginality. Appendix 2 provides a sample screening checklist for MHA. Under the government regulations, IPs are well recognized. Per SPS 2009, the term IPs is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (iv) a distinct language, often different from the official language of the country or region. In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the project area because of forced severance remains eligible for coverage under this policy.

#### B. MHAs in FIP Areas

33. MHAs and local communities in Indonesia are mostly those who live within or adjacent to forest lands on which they depend almost entirely for their subsistence and survival. They are considered to be the poorest and most vulnerable to the impacts of climate change as well as to the unfortunate consequences of climate change mitigation and adaptation incident. Vulnerability of MHAs communities has been the ultimate consideration of the project. This issue will be addressed through special measures that would be explained thoroughly in the preparation of IPDP document following ADB's policy on indigenous peoples which in Indonesian context has been addressed using the term MHA and government regulations.

34. The primary beneficiaries of the project would be forest dependent communities, including women and indigenous peoples, which make up 63% of West Kalimantan population, where large part of their village areas located in the state forest. Many of them are poor with average daily income \$1.71 or around Rp21,500. Poverty line of Kapuas Hulu in 2013 was Rp304,138 per capita per month and the number of people categorized as poor was 26,400 or 11.11 % of total population of the district. For Sintang district poverty line in 2013 was Rp358,693 per capita per month. It is evident that in project areas, both the poverty line and those living below the poverty line are much higher compared to the provincial values. Project villages are found within state forests and confusion still abound as regards tenure viz definition of what is MHA and adat lands. Based on the social survey conducted in late 2014, distinct factors that define poverty outside of the debate on security of tenure at the project village level are: (i) limited access to capital, (ii) limited access to market, (iii) limited access to technology, and (iv) poor knowledge and skill, particularly in added value economic activities.

35. Under the Constitutional Court Decree (*Keputusan Mahkamah Konsitusi*) No 35/PUU-X/2012, *adat* communities have slowly gained more recognition and their inclusion could help combat deforestation in Indonesia by way of securing their customary territorial rights for *adat* communities. The actual recognition of these rights will be a difficult and long process that takes time to implement. Any project with a desired outcome to contribute to sustainable development of forest communities and avoid deforestation and degradation should consider how to contribute to supporting FMLC as an auxiliary objective. In the project sites of the selected

villages, the project will focus on Dayak and Melayu communities. These two predominant MHAs in the project area have customary claims over lands and forest and customary institutions responsible for operating their internal governing system.

36. Most Dayaks live in villages and hamlets throughout the two FMUs while the Melayu mostly are concentrated along the river and around Danau Sentarum. The villages in FMU Sintang, i.e. Swadaya, Wana Bhakti, Tanjung Sari, Panding Jaya, Tirta Karya, and Wirayuda,<sup>13</sup> are mostly populated by Dayak. In Kapuas Hulu 71% of the population of 55 villages in the FMU is composed of Dayak Taman (28.5%); Dayak Iban (23.3%); Dayak Kantu (11.4%) and Melayu 7.8% while the rest are from smaller ethnic groups.<sup>14</sup> Of the Dayak and Melayu communities of the villages in the project area, there are villagers who are still practicing shifting cultivation. Some have been familiar with diversified agricultural system such as agroforestry, and some have been involved in the more advanced economic activities such as dealing with market mechanism and having relationship with industry. However, in general they have low education level, and lack access to technology and capital. Vulnerabilities of those communities will be assessed further especially in relation their potential participation in the agroforestry and any opportunities provided by the project.

37. Dayak sub-groups in Kapuas Hulu and Sintang are: the Dayak Kantuk, Dayak Iban, Dayak Taman, Dayak Kayan, Dayak Suhaid, Dayak Punan, Dayak Tamambaloh, Dayak Tamambaloh Apalin, Dayak Suruk, Dayak Punan Bukat, Dayak Punan Hovongan (particularly found in Tanjung Lokang and Bungan Jaya villages) and Dayak Punan Koreho. Kantuk is the dominant sub-group in the villages in FMU Sintang, while in Kapuas Hulu Iban and Punan are the dominant sub-groups. The term 'dominant' refers to language they speak and official position in the villages (head of villages and its assistants). There is no data on what sub-group is the most vulnerable or the better one in terms of socio economic conditions. For West Kalimantan, the latest census on population composition by ethnic groups that can be referred to was in 2000 with the following: Melayu (33.75%), Dayaks (33.75%), Chinese (10.01%), Javanese (9.41%), Madurese (5.51%), Bugisee (3.29%), Sundanese (1.21%), Malay Banjarese (0.66%), Batak (0.56%) and others (1.85%).

38. **The Dayak.** Each group of Dayak speaks their own language such as Kantuk, Iban, Punan, and have their own customary institutions. Dayak culture has close attachment to the symbol of hornbill (*burung enggang*) as a manifestation of good spirit. The symbol is usually expressed in their engraving and craft and also in their traditional architecture. Dayak usually put a symbol of hornbill at the roof top of the house.

39. *Adat* institution of the Dayak varies among one sub-group to another. Iban, for example, has *temenggung* or *tumenggung* as the highest rank of *adat* authority responsible for the whole sub-group in certain area which commonly consists of a number of villages. Second rank under *temenggung* is *pateh* or *patih*. There are two *pateh*: one responsible for a specific village while the other rather has 'mobile' role for coordinating the whole villages. The 'mobile' *pateh* is 'right-hand' assistance of *temenggung*. Under *pateh*, there is an authority responsible for the governance of long-house, usually known as *tuai rumah*. *Temenggung* has a comprehensive authority covers the whole aspect of community governance system. Comparing this authority with state system, a *temenggung* holds executive, legislative and judicative authority. Punan and Kantuk sub-groups have *tumenggung* as the highest *adat* authority followed by *kepala adat*

<sup>13</sup> Rencana Pengelolaan Jangka Panjang KPHP-Model Sintang.

<sup>14</sup> Rencana Pengelolaan Hutan Jangka Panjang KPH Model Kapuas Hulu.

*wilayah* and *kepala adat dusun*. *Kepala adat wilayah* is comparable to 'mobile' *pateh* while *kepala adat dusun* has quite similar role as the *pateh* of specific village.

40. Kinship in Dayak society is traced in both lines of genealogy (*tusut*). Although, in Dayak Iban society, men and women possess equal rights in status and property ownership. Political office has strictly been the occupation of the traditional Iban patriarch. There is a council of elders in each longhouse. Dayak leadership is through a *Penghulu*. Individual Dayak groups have their social and hierarchy systems defined internally, and these differ widely from Ibans to Ngajus and Benuaqs to Kayans.

41. Predominant occupation among Dayak is agriculture, dry land paddy field and rubber garden. In the two FMU shifting cultivation is still dominantly practiced by Dayak communities. Dayaks organize their labor in terms of traditionally based land holding groups, which determine who owned rights to land and how it is to be used. The Iban Dayaks practice a rotational and reciprocal labor exchange called "*bedurok*" to complete works on their farms owned by all families within each longhouse.<sup>15</sup> To get cash, Dayaks collect jungle produce for sales at markets. With the coming of cash crops, Dayaks start to plant rubber, pepper, cocoa, etc. Nowadays, some Dayaks plant oil palm on their lands while others seek employment or are involved in trade.

42. The main dependence on subsistence and mid-scale agriculture by the Dayak has made this group active in this industry. The modern day rise in large-scale monocrop plantations such as palm oil and bananas, proposed for vast swathes of Dayak land held under customary rights, titles and claims in Indonesia, threaten the local political landscape in various regions in Borneo. Further problems continue to arise in part due to the shaping of the modern Malaysian and Indonesian nation-states on post-colonial political systems and laws on land tenure. The conflict between the state and the Dayaks on land laws and customary rights will continue as long as the colonial model on land tenure is used against customary law. The main precept of land use, in customary law, is that cultivated land is owned and held in right by the customary owners, and the concept of land ownership flows out of this central belief. This understanding of *adat* is based on the idea that land is used and held under customary domain. Invariably, when colonial rule was first felt in the Kalimantan Kingdoms, conflict over the subjugation of territory erupted several times between the Dayaks and the respective authorities.<sup>16</sup>

43. **The Melayu.** Malay Indonesians are ethnic Malays living throughout Indonesia, as one of its indigenous peoples. Indonesia has the second largest ethnic Malay population after Malaysia with about 1,259,890 persons documented in West Kalimantan. Historically, Indonesian, the national language of Indonesia, was derived from the Malay spoken in Riau Archipelago, a province in eastern Sumatra. There were a number of Malay kingdoms in Indonesia that covered the islands of Sumatra and Kalimantan, such as Srivijaya, Melayu Kingdom, Sultanate of Deli, Riau-Lingga, Sultanate of Bulungan, Pintianak Sultanate, and the Sultanate of Sambas.<sup>17</sup>

44. Melayu community has been labeled as Moslem community and working mostly on aquatic resources such as rivers and lakes. They speak Bahasa Melayu, which is also a dominant language in the provincial city, Pontianak. Each village of Melayu community has

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<sup>15</sup> Report on the Iban by JD Freeman.

<sup>16</sup> Iban Agriculture by JD Freeman.

<sup>17</sup> "[Propinsi Kalimantan Barat - Dayakologi](#)". Retrieved 2012-09-07.

*penghulu* as the highest *adat* authority responsible for *adat* and religious aspect of community governance system.

45. In West Kalimantan, Melayu is the biggest ethnic group followed by the Dayak. The same holds true for Kapuas Hulu and Sintang districts. Leboyan village<sup>18</sup> in Danau Sentarum is mostly Melayu. Their main occupations are fishing and honey collection. By tradition,<sup>19</sup> farmers with access to open land are considered to become owners and retain rights on the land thereafter. Ownership thus derives from working the land and from social recognition in the community. In common with Dayak customs in West Kalimantan, a farmer also has first rights to open land inland from their current holding.

46. As for the forests used by villagers for the collection of forest products these are considered to belong to the village as communally-held lands and villagers, referred to as *pengurus hutan* (forest wardens), are charged with looking after these areas. Today these areas are known as *hutan bersama desa* (common village lands) but the *desa* system was only actually introduced into the area in the early 1980s before villages were known as *kampung*. The *Melayu* of Mekar Jaya recognise that forests are charged with spiritual powers but while they know neighboring Dayak groups recognize sacred sites within forests, the *Melayu* have no sacred places apart from gravesites.

47. Malay aristocrats tend to have patrilineal systems, in Mekar Jaya and Beringin lands are inherited equally given to male and female heirs, acknowledging adherents to stricter forms of Islam have taken to giving half shares to female heirs in accordance with Sharia law. In practice, lands tend to be allocated by elders to their heirs when they get old rather than at death, maintaining the association between land ownership and those who actually work the land.<sup>20</sup>

### C. Impact Assessment

48. The project would potentially provide positive impacts rather than the negative ones for it has been developed on the basis of community's needs and proposals. However, the impact assessment was done considering there might always be unpredictable negative impacts of a project to MHA communities such as restricted access to forest and other natural resources for their livelihoods. To provide for such uncertainty, mitigating measures have to be taken, in order to minimize consequences and to prevent negative impacts. Consultation with communities, including women has been done at the initial phase to identify the possible impacts of the project through focus group discussions and community meetings.

49. Potential positive impact of the project (see Table 3) would benefit communities in the project area which can be summarized into: (i) capacity enhancement of local institutions to ensure community effective participation in resource planning and management; (ii) improved quality of life and food security of MHAs through economically viable, socially equitable and environmentally sustainable activities; (iii) MHAs legitimacy in utilizing natural resources; (iv) improved access to market and social services to community; and (v) rehabilitation of roads to support community access to market.

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<sup>18</sup> Interview with community.

<sup>19</sup> M. Colchester, S. Chao, N. Jiwan, A. I. Cinditiara, H. and E. Kleden. PT Agrowiratama and the Melayu and Dayak peoples of Sambas, West Kalimantan.

<sup>20</sup> Ibid.

**Table 3. Anticipated FIP Impacts and Corresponding Mitigations**

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
<p>1. Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts</p> <p>REDD+ pilots focusing on forest livelihood options implemented with MHA and local communities, including women. Livelihood options include non-land based activities (including NTFPs) - beekeeping, fish culture, handicrafts, community based ecotourism, and land based activities including 1,880 ha of: agroforestry systems (rubber-coffee and rubber-gaharu), and rubber plantation. The implementation of these activities will include training as required and the development of supporting facilities, which may include: micro-hydro and small-scale village infrastructure (including small roads rehabilitation (2km and 2m wide per village) and facilities for ecotourism).</p>	<p>The project provides alternative livelihoods and households' income: added value from wet paddy field, rubber, honey and handicraft, including in processing and marketing.</p> <p>The project potentially endorse the change of status from illegal to legal of community existence in the FMU areas and improved capacity for sustainable forest management</p> <p>The development of the project has the potential to improve existing social infrastructure and to increase access to towns. It is noted that the project will involve the upgrade of 2 km roads for participating villages. This will reduce current travel time to and from service centers (includes schools, markets and medical facilities) and reducing costs of transportation of goods as well as increasing business opportunities.</p> <p>The project will improve access to market, rural roads from farm to market and enhance required capacity of community to have access to market</p>	<p>Positive impact in economic gain might trigger undesired competing claims over resources addressed by project activities, such as competing claims over rubber agroforestry areas; claim over area for ecotourism development, etc.</p> <p>There might be potential impact to community culture/tradition and institutions due to development of ecotourism with outsiders coming and interacting closely with community.</p> <p>New learnings especially conceptual ones (REDD+, GHG, etc) may impact on worldviews: their connection to local culture and tradition related to social organization, natural resources management and ecosystem services</p> <p>It may affect their access to land and forests; while value added income generating activities results to raising income in terms of cash, it may lead to commercialization of cultural practices that affect social relationships and sense of collectivity in natural resources management.</p>	<p>Endorse clarity of tenure through participatory mapping to prevent conflicting claims over lands and forest, promoting CBFM as the main approach of the Project activities</p> <p>Secure consent through broad community support. Build consensus among community member on the clarity of claims over the area.</p> <p>Consultation and intensive discussion with community regarding potential change and or transformation they might be facing and build awareness among the MHA</p> <p>Conduct of meaningful consultation and participation and operationalize culturally appropriate communication strategies.</p> <p>Provide clear information on community culture/traditions, local institutions and their role for outsiders. Developing rules of the game for outsiders while being in and interacting with the communities.</p> <p>Impact on connection to culture and tradition will be addressed through well designed training</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
	<p>It also has the potential to improve health conditions in the local area should electricity be provided to MHA and local communities. The provision of local electricity supply can decrease reliance on other energy resources, such as burning firewood, which can negatively impact on health, for example increasing the risks of respiratory diseases and high mortality/ morbidity rates, in poorly ventilated dwellings (ADB, 2012).</p> <p>FMU staff and MHA/ local communities will have enhanced understanding and capacity to be involved and participate in REDD+ readiness and implementation, FPIC procedures, conflict mediation, landscape management and payment for ecosystem services.</p> <p>MHA communities will have the opportunity to participate in REDD+ pilots focusing on livelihood and will have capacity to develop value added non-timber forest products processes and showcase their culture through ecotourism which in turn can raise their income and connect them to markets.</p>	<p>Encroachment of forest due to improved access to market and rehabilitation of rural roads.</p> <p>Social exclusion due to elite capture in the development of the Project, particularly when the Project starts to provide benefits.</p> <p>These may however affect community traditions as regards the agricultural cycle from opening the forest to harvesting ceremonies.</p> <p>Economic displacement or restriction to access among households traditionally utilizing the area.</p> <p>Vulnerable groups which can include women, children, economically disadvantaged and MHA communities are typically less resilient to change, may be more vulnerable to project impacts and may also have limited opportunities to take advantage of the benefits of development.</p> <p>Permanent and temporary losses of small areas of land due to rehabilitation/ construction works may be unavoidable, in addition to loss of crops, trees and structures, may occur, although not expected to cause severe impacts since rehabilitation works</p>	<p>and workshop that provide transformative perspective on local culture to show its conformity with modern science and knowledge.</p> <p>Strengthening monitoring system of FMU with community participation and improve coordination between community institutions and FMU.</p> <p>Revisit knowledge management initiatives for the project. There may be no need to force through some concepts. Rather, project implementers will have to base REDD+ concepts anchored on traditional forest management schemes and reinforce these.</p> <p>Appropriate livelihood replacement for lost areas whether in terms of new area for daily occupation or in terms of alternative economic activities.</p> <p>The pricing policies of project benefits, for example electricity supply has to ensure that distribution of Project benefits is equitable and considers the economic limitations of certain groups.</p> <p>FMU authorities need to be socially sensitive to community needs as well as culturally sensitive to traditions to generate</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
	<p>Activities on food production may prevent the community from opening up more forest areas for shifting cultivation. Communities are able to participate in sustainable food production management.</p> <p>Provision of electricity for communities which they can use to support domestic activities.</p> <p>Provides opportunities for communities to participate and share access to benefits from forest management; with security of tenure.</p>	<p>will be carried out within existing right-of-way.</p> <p>Decrease in traditional community decision-making with respect to natural resource management. As a state-driven initiative, MHA communities will be subject to control through the FMU: plans will have to be in line with the FMU Long Term Management Plan.</p>	<p>meaningful and effective participation. Social preparation has to be considered and planned well with communities.</p>
<p>2. Provincial REDD+ strategy in West Kalimantan effectively implemented.</p> <p>Some activities include:</p> <p>(i) Province-wide workshops, exchange visits, and training programs conducted on REDD+ concepts, FMU business plan development, carbon accounting, and SFM guidelines.</p> <p>(ii) Provincial strategy for tenure conflict management, including REDD+ data clearinghouse, safeguard information system and grievance and redress mechanism, developed and implemented.</p> <p>(iii) Multi-stakeholders consultations conducted to improve.</p>	<p>Strengthened capacity for preventing deforestation and forest degradation.</p> <p>Tenure clarity.</p> <p>Provides opportunities for communities to participate in alternative economic activities and get benefits from these activities, participate in policy collaboration and information dissemination.</p>	<p>Potential restriction of access to forest and forest lands.</p> <p>Classification and zoning under spatial planning may restrict access to areas and resources presently available to MHAs.</p> <p>As the project area is largely rural, agricultural based economy dependent on natural resources is likely to be high. The project will have to consider the use of natural resources in the context of how the project might increase competition and/or conflict over natural resources, including water. The project may impact on MHA communities' use of water for irrigation and drinking supply.</p>	<p>Providing alternative livelihood for household income design in close participation of communities.</p> <p>Meaningful consultation and broad community support will have to be observed and harness partnership with local NGOs.</p>

Outputs / Activities	Positive Impacts	Negative Impacts	Mitigation
<p>accountability &amp; transparency on Kapuas Hulu and Sintang districts land use planning, hence accelerating the process to legalize the spatial plan.</p>			
<p>3. Sub-national fiscal policies on REDD+ harmonized with national policies.</p>	<p>Effectiveness of implementation of REDD+ strategy and sustainable forest management.</p>	<p>Potential restriction of access to forests and forest lands. Potential restriction could result in disorientation of communities as to what could substitute for their loss of income due to limitations. For the time being they are strongly dependent upon forests and forestlands. Sudden restrictions will cut their dependency on the forest and its resources.</p>	<p>Social preparation is necessary in the provision of alternative income generating activities prior to implementation of the project and should include clear information regarding possible impacts and alternatives.</p>

#### IV. SOCIAL ASSESSMENT AND MHA PLANNING FOR SUB-PROJECTS

##### A. Social Assessment

50. To prepare the sub-projects requires a social assessment,<sup>21</sup> this includes baseline information on demographics, social, cultural, and political characteristics of affected communities. The social assessment provides a key analysis for preparing a MHA planning document so that adverse impacts can be avoided and strategy to enhance positive impacts can be delivered in a culturally appropriate manner.

51. The following are some elements of social assessment to be followed as necessary in respect of the project preparation:

- (i) Identification and confirmation of the presence of MHA in the project area and project impact zone;
- (ii) Baseline socioeconomic profile of the MHA groups in the project area and project impact zone;
- (iii) Assessment of their access to basic social, economic, and community services, including their land and resource use and land tenure system;
- (iv) Assessment of the short- and long-term, direct and indirect, and positive and negative impacts of the project on each group's social, cultural and economic status and differential impacts of the project on their livelihood systems, culture and socioeconomic status;
- (v) Assessment and validation of MHA vulnerability;
- (vi) Gender-sensitive assessment of the perceptions among affected MHA of project impacts on them;
- (vii) Conduct and report on meaningful consultation with affected MHA and recommendations for culturally appropriate consultation approaches during project implementation;
- (viii) Recommendations for culturally appropriate methods to proportionally include MHA in receiving project benefits;
- (ix) If negative effects are unavoidable, include measures to avoid impacts on indigenous lands and natural resources in indigenous lands;
- (x) Recommendations for resource requirements and culturally appropriate institutional arrangements to address the various project-related concerns and issues; and
- (xi) Identification of culturally appropriate indicators for monitoring project activities.

52. The project's potential impacts (positive and negative, direct and indirect) have been initially identified during project preparation using participatory methods. Table 3 lists various impacts and mitigative measures.

53. Many tools and methods can be utilized in data collection and analysis on impact of the project on IP. For this project, it is recommended to use socio-economic and risks and vulnerability profiles. For the socio-economic profile, secondary sources such as statistical records, government reports, and civil society and academic investigations can be used. The profile involves:

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<sup>21</sup> ADB Indigenous Peoples Safeguards: A Planning and Implementation Good Practice Sourcebook - Draft Working Document. Revised June 2013. Chapter VI, pages 32-40.

- (i) Identifying the relevant IP groups and any other populations likely to be affected by the project;
- (ii) Identifying subgroups that may have different needs and interests; and
- (iii) Assessing the relevant needs, demands, constraints, and capacities of these groups and subgroups in relation to the proposed project.

54. Risk and vulnerability profile will identify the most vulnerable groups, major risks affecting these groups; and opportunities to reduce risks or mitigate their impact on vulnerable groups through available or new mechanisms. Vulnerability of MHAs community ranges from economic, social, and political to cultural aspects that need serious protection and assistance from other stakeholders. Involvement in decision making related to natural/forest resources management is a very important aspect in addressing vulnerability and empowerment of MHAs.

## **B. IPDP (MHA Development Planning)**

55. When the project has overwhelmingly positive potential impact, an IPDP will be part of community-based sustainable forest management. However, when the project has potential negative impact during its implementation, the IPDP will be developed separately. The IPDP will be included in annual work plan in each district (Kapuas Hulu and Sintang).

56. An IPDP will be prepared by UPT with support from project implementation supporting unit (PISU) at national, provincial and district levels. FMU will provide data and information based on the real situation and challenges in the field in terms of impacts from project implementation to UPT. Communities, by using GRM, will inform FMU on positive and negative impacts of implementation. UPT will carry out verification of data and information, and might mandate this task to technical committee or other independent team established for verification. Report of verification will be reported to IA which in turn will delegate to UPT the work of IPDP development and coordinate the support needed for its development in terms of financial, human resources, and access to local authorities.

57. The IPDP should consider quantitative/ demographic information, particularly with regard to level of poverty and educational attainment, and gender disaggregated data and customary communities/ ethnic affiliation as generated from the social assessment. It should consider cultural aspects that support the project and those aspects, which would possibly impede project implementation. In terms of environmental sustainability, particularly preventing deforestation and forest degradation, customary communities planning shall set out the measures to mitigate potential risks through informed and meaningful consultations.

58. Through a series of consultations, the IPDP shall set out the measures to operationalize mitigating measures through informed and meaningful consultations. These will be conducted through a series of meetings with all stakeholders, most importantly with communities, including separate group meetings to focus on MHA communities' village chiefs, men, and women, especially those who live in the subproject affected areas. Discussions will focus on sub-project impacts, positive and negative, and recommendations for subproject design and implementation.

59. Entry points for MHA planning will have to recognize and harness the unique planning processes and legitimate MHA representation per MHA community through its local project units and NGOs. MHA communities specific to the subprojects will be socially prepared during planning stage and will always be updated following the completion of sub-project design.

Should new groups of MHA communities be identified prior to finalization of the IPDP, effective and meaningful consultation will be conducted with these communities in the same way.

60. Qualified and experienced specialists will prepare planning documents through meaningful consultation (Appendix 3) with affected groups to ensure that affected MHA communities receive social and economic benefits and that potential adverse impacts on them will be avoided to the maximum extent possible, whenever they are identified. When avoidance is deemed impossible, the IPDP will identify measures to minimize, mitigate, and compensate for adverse impacts.

61. Information and communication is an important aspect in MHA communities planning. It is not only about dissemination of information and identification of the most effective language in communication but also about the method to get people to understand the project and its positive and negative impacts.

62. The level of detail in IPDPs will vary depending on the specific subproject and the nature of impacts to be addressed. Key elements of the IPDP are presented in Appendix 4. If customary communities are the sole or the overwhelming majority of direct project beneficiaries, and when only positive impacts are identified, the elements of an IPDP could be included in the overall project design rather than preparing a separate IPDP. As such, the project document will include a summary on how the project complies with ADB IP safeguards. It shall explain how requirements for meaningful consultation are fulfilled and how the accrual of benefits has been integrated into the subproject design. Also where appropriate, combined resettlement and MHA plans will be prepared.

63. Despite limited involvement in the decision making processes at the village level and adat institutions, women in Kapuas Hulu and Sintang districts have traditionally had the rights of access to land. Land inheritance is not based on gender, with men and women enjoying equal access to family land, even after marriage. Inheritance patterns are usually determined by ability or willingness of people (male or female) to care for their parents during old age. Those assuming responsibilities for parent-care in their old age tend to inherit more parental property than their siblings. Women and men in Kapuas Hulu and Sintang districts have combined production systems that rely on dry land paddy cultivation, vegetable gardening and rubber production. Women contribute extensively in the production and marketing of vegetables. In terms of forest access, women and men have relatively equal access to forest resources.

64. While women engage in numerous forest-related activities such as harvesting non-timber forest products (e.g. honey, traditional medicine, tubers and wild vegetables), men are usually in charge of harvesting timber forest products and hunting for fulfilling subsistence needs. In the rotational fallow farming (shifting cultivation), there is a clear division of labor between men and women. Men are usually in charge of clearing land (for trees and big bushes) while women help to clear grasses and small bushes. The burning of the cleared land is mostly done by men. Paddy planting and weeding is mostly done by women while rice harvesting is carried out by both men and women. Women are responsible for post-harvest activities (drying, milling, storages and seed selection). There is a taboo associated with the sale of rice that has been self-produced, hence most of it is consumed rather than sold commercially. However, some women cited that they occasionally sold their rice when there was a surplus. It is very important to conduct gender analysis accordingly in preparation of IPDP. Gender analysis and Gender Action Plan has been prepared for the project and IPDP will highlight and address issues related to MHA.

65. In preparing IPDP (MHA Plan), the information gathered must be sufficient to understand and describe the following:

- (i) The legal and institutional framework applicable to MHAs in the project context;
- (ii) Baseline information on MHAs' demographic, social, cultural and political characteristics, and their dependence on the land/territories and natural resources that will be affected by the sub-project;
- (iii) A culturally appropriate, gender sensitive process of meaningful consultation that will be used at various stages of the sub-project;
- (iv) The positive and negative impacts of the sub-project; and
- (v) MHA perceptions about the sub-project and its impacts;

66. Based on the above, measures will be developed to avoid adverse impacts, minimize and compensate for unavoidable impacts, and ensure MHA communities receive culturally appropriate benefits. The IPDP (MHA Plan) that will be prepared to address potential negative impacts should have the following chapters:

- (i) Description of the Sub-project/Activities.
- (ii) Profile of MHA preparing and implementing the sub-project.
- (iii) Social Impact Assessment: methods used during the social impact assessment, and findings.
- (iv) Information disclosure, consultation and participation. This will describe activities already carried out during IPDP preparation, feedback from affected MHA communities, and consultation and participation mechanisms to be used during implementation to ensure continuing MHA participation.
- (v) Grievance redress mechanism.
- (vi) Beneficial measures and mitigation measures.
- (vii) Budget and financing plan for IPDP activities.
- (viii) Institutional arrangements for IPDP implementation.
- (ix) Implementation schedule.
- (x) Monitoring and reporting arrangements.

## **V. CONSULTATION, PARTICIPATION AND DISCLOSURE**

### **A. Consultation and Participation**

67. Meaningful consultation should be conducted to ensure issues, concerns, voices and potential of MHA are incorporated in the project preparation, implementation, monitoring and reporting. Therefore the following elements should be included:

- (i) Begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle;
- (ii) Provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people;
- (iii) Is undertaken in an atmosphere free of intimidation or coercion;
- (iv) Is gender inclusive and responsive, tailored to the needs of disadvantaged and vulnerable groups;
- (v) Enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues; and

- (vi) Meaningful consultation is built upon the free, prior and informed consent (FPIC) principles which addresses the right of community to be informed, consulted and to exercise their right to accept or refuse initiatives offered to them by outsiders. In case that a development plan was initiated by community and developed based on their needs and proposal, FPIC would have been an agreement between community and other stakeholders of related development project.

68. An issue in conducting consultations with MHAs is establishing proper representation and ensuring their preference for internally selected spokespersons, who may not be the same as the formal leaders of the administrative units. When several MHA groups are likely to be affected, the consultation process needs a cross-section of said groups. The number of people from each group should be proportional to the effects the project will have on it and each group may have its own leader/representative.

69. To ensure meaningful consultation and participation with MHAs, the project will thus determine (i) appropriate mechanisms and structures for carrying out consultation and building participation; and (ii) specific activities that will enable customary communities to engage in the project to be conducted. Consultation with MHA communities across project stages will be documented.

70. **Broad community support.** FPIC (in terms of broad community support) at each stage of the project will be conducted to identify MHA communities' perspectives, issues and concerns. Broad community support is deemed by ADB to exist, if the following conditions are met.<sup>22</sup>

- (i) The majority of recognized representatives of the affected IP communities formally express their support;
- (ii) A considerable majority of affected IP communities' members, and particularly those most severely affected, provides their support either through formal agreements or other informal means;
- (iii) Any significant opposition or major disagreement has been resolved through a good faith negotiation (GFN) process.

71. ADB SPS 2009 acknowledges that MHA communities may be particularly vulnerable when a project has any of the following four types of activities when deciding whether to proceed with a project: (i) commercial development of their cultural resources and knowledge; (ii) physical displacement from their traditional or customary lands; (iii) economic displacement from their traditional occupations; and (iv) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define their identity and community. the project shall seek the consent of affected communities (regardless of whether the project is category A or B). Consent will be in the form of broad community support. When the project entails any of the four types of project activities requiring consent of affected MHA communities, the project should carry out an engagement process by conducting meaningful consultation and good faith negotiations that lead to broad community support. The process and outcomes of such engagement should be documented and submitted to ADB.

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<sup>22</sup> *Ibid.* Page 71.

72. Information dissemination to all members of the customary communities will be conducted specifically targeting appropriate message routes in accordance with prevailing customs and traditions. The following shall be observed:

- (i) Notices of meetings written in the commonly used MHA language and as authorized by community leaders shall be delivered and posted in conspicuous places or announced in the area where the meeting shall be conducted at least two (2) weeks before the scheduled meeting;
- (ii) All meetings and proceedings shall be conducted in a process and language spoken and understood by the MHA communities; and
- (iii) The minutes of meetings or proceedings conducted shall be written in English or Bahasa Indonesia and in the language of the MHA community and shall be validated with those who attended the meeting or assembly before the finalization and distribution of the same.

73. **Good faith negotiations.** Facing major disagreements<sup>23</sup> with affected IP the project, its components, or the IPDP, the EA/IA may consider GFN. GFN is a joint exploration of key outstanding issues relevant to the project among project-affected people and the EA/IA, with the main intention to mutually resolve those issues.

74. The EA/IA should document the negotiations with the MHAs, including their informed participation in the negotiation process, and the successful outcomes (or otherwise) of such negotiation. Impacts on vulnerable groups within the affected MHA communities should be adequately addressed in the negotiation and documentation. Examples of documents include a memorandum of understanding, a letter of intent, a joint statement of principles, and written agreements. The results are reported in the IPDP to confirm the responsibilities of the parties.

75. **Consultation at preparation stage.** It has to be reiterated that the expected FIP impact will be increased environmental and livelihood benefits. The outcome will be improved REDD+ implementation in project areas of West Kalimantan province. Thus, meaningful consultation was conducted with MHAs through community meetings attended by elders, youth and women which varied from 20 to 40 participants from each village. Focus group discussions (FGDs) were conducted with community leaders, and key informant interview. All in all, consultation was done for 13 villages. The PPTA stakeholder assessment revealed the following:

- (i) Government stakeholders have important roles, thus scored high on both importance and influence scales though implementing/executing government institutions with decentralized modalities scoring slightly higher (5) than central government (4).
- (ii) Communities and community groups including MHAs scored high (5) under the importance scale but low (2) on influence.
- (iii) Civil society organizations/NGOs were deemed average in terms of importance and influence.
- (iv) Private/business sector may not be that important (2) but rated 4 on the influence scale.

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<sup>23</sup> Major disagreements might relate to the nature of mitigation or benefit-sharing measures, or the scope of the project area. In one project, the major disagreement was the location of the new resettlement site for the community; in another whether new roads could be constructed in certain areas; and in another, whether certain groups arriving after the cut-off date for determining eligibility for compensation would also be entitled to benefit from the livelihood program.

## **B. Disclosure**

76. The EA is required under SPS 2009 to provide information to and consult with the affected MHA and other stakeholders in a manner appropriate for the anticipated project impacts. This requirement is intended to facilitate engagement so as to establish and maintain constructive relationships over the life of the project.

77. MHA communities should be provided relevant project information in a language(s) and manner suitable to them. The information materials include particular graphics so that women and men with less literacy will be able to understand. Separate FGDs will be held with MHA and women groups to assess the project impacts and benefits to these groups. Accordingly, the project plans, including IPDP, can be prepared in consultation with MHA communities. Outcomes of social assessment and programs/measures for MHA communities will be presented in community workshops/meetings.

78. The following are required to be disclosed: (i) draft IPDP, as endorsed by MOEF; (ii) final IPDP; (iii) new or updated IPDP if any; and (iv) monitoring reports. These documents will be generated and produced in a timely manner, and posted in both ADB and project websites, and at any locally accessible place in a form and language understandable to the affected communities and other stakeholders. The project information will be made available to affected customary communities as leaflets or brochure in Bahasa Indonesia or the prevailing community local language, whichever is applicable for greater customary community comprehension. The EA shall also post the summaries of approved documents on the ADB website. During project implementation, the EA will prepare monitoring reports on the application of the IPDP and submit the same to ADB for review.

79. The ADB SPS 2009, ADB Public Communication Policy 2011 as well as government issuances will serve as guides. The documents listed above will be uploaded in the project management information system as well as in ADB website.

## **VI. GRIEVANCE REDRESS MECHANISM**

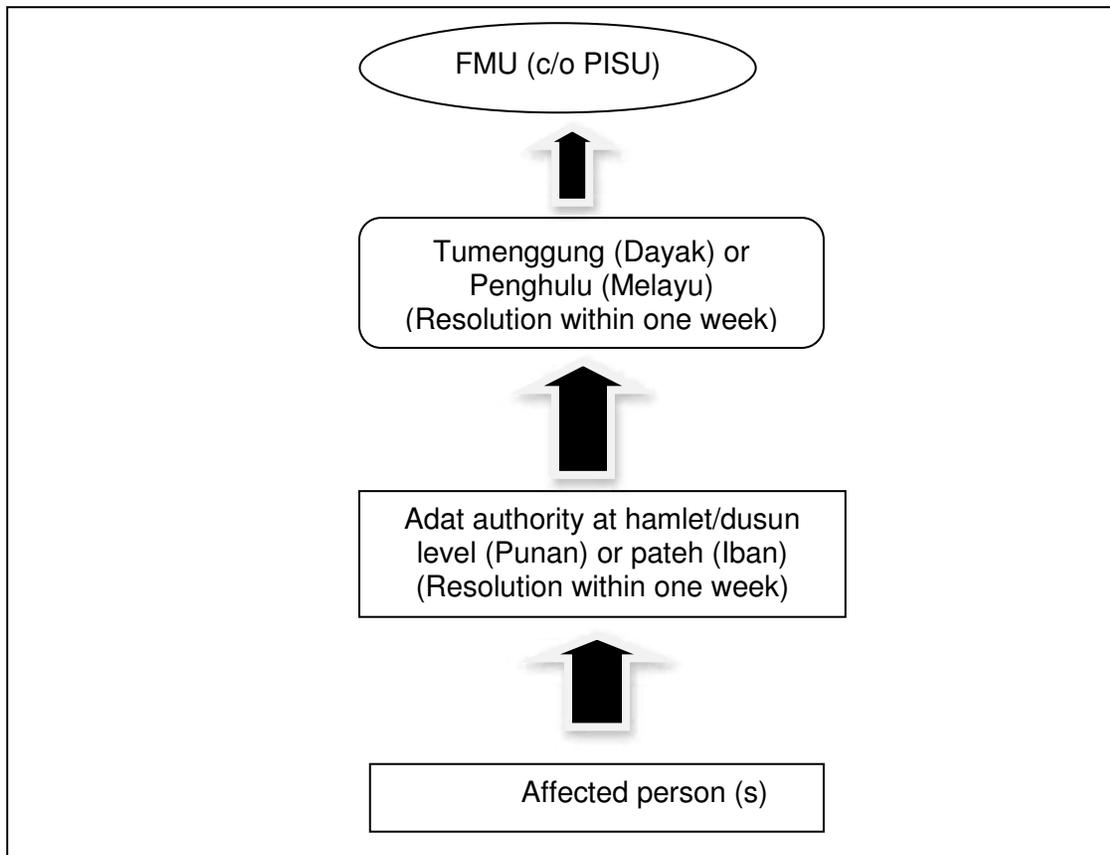
80. A GRM is a systematic process to receive, evaluate, and address the project-related grievances of affected persons (AP) and/or groups. The MOEF, in cooperation with PISU, will set up GRM at the national level in consultation with relevant stakeholders within six months of grant effectiveness and post it publicly on the project website with outreach for all project areas. In addition, as part of the output 2, the project will establish a GRM at provincial level focusing on tenure and REDD+ issues within six months of grant effectiveness. An information disclosure mechanism in Bahasa will also be in place at district level to ensure that the local communities in Kapuas Hulu and Sintang districts are aware of GRM and their potential involvement and responsibilities in the project activities. The MOEF will ensure a culturally- and gender-sensitive GRM to receive and address, in coordination with provincial authorities, project related concerns and to resolve AP related disputes that may arise during project implementation. It is anticipated that all grievances related to benefits and other assistance will be resolved at the PISU level.

81. For customary communities, GRM shall follow their internal mechanism (if any) or any mechanism provided by local government based on community request. Communities may also raise their grievances to MOEF following the newly launched MOEF Decree No. 24/Menhut-II/2015 in January 2015, on the Establishment of Team for Addressing Environmental and Forestry related Grievances. Should there be any grievances related to environment and forestry resulting from project, the communities can raise their concerns to the team.

82. At the village level, APs through their facilitator or representative may bring the complaints to the village leaders and/or customary leaders, then they may bring it to the officers in project's field office or sub-project site office. Specifically,

- (i) The AP narrates discontent to the community leader (*Tumenggung* for MHAs of the Dayak and *Penghulu* for the MHAs of Melayu). Conveying the grievance to Tumenggung or Penghulu is commonly done when the case could not be settled by lower adat authority (*kepala adat dusun*) at hamlet (*dusun*) level within 3 days.
- (ii) The community leader – *Tumenggung* or *Penghulu* – prepares an official report for documentation purposes and attempts to address and resolve the grievance at the community level. Cases have to be acted upon/resolved at the community level within one (1) week.
- (iii) If the AP is satisfied, there is no need to elevate the issue. If the grievance cannot be addressed at the village level, the *Tumenggung* or *Penghulu* submits the complaint to PISU.

83. Flow chart of GRM applicable to IP greivances is provided below:



84. The community development specialists, and/or safeguards specialists will assist APs in registering their complaints with PISU, field office or sub-project site office, and preparing their specific grievance. The PISU will consider the complaint and within 15 working days will convey a decision to the APs. Social safeguards specialists, along with local government district officials, will facilitate communication between the APs and the PISU and assist the project

coordinator in reviewing and addressing the complaint. Project's district officer will record/file keeping the complaint. However, in the event that complaints arise, avenues for grievance redress are provided, as guided by the government laws and procedures in conjunction with ADB principles on grievance redress.

## VII. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

### A. Institutional Arrangements

#### 1. National Level

85. The Directorate General of Social Forestry and Environmental Partnerships (Perhutanan Sosial dan Kemitraan Lingkungan – PSKL) in MOEF will serve as the executing agency (EA). The EA shall be responsible for overall coordination of the project activities as per requirements of the “planned grant” modality and ensure proper fund flow arrangements in cooperation with the Ministry of Finance and ADB. The EA will consult with the project steering committee and comply with the FIP requirements, including, annual monitoring and reporting of the project's contribution to the FIP Results Framework.

86. Implementing Agencies (IAs) will be:

- (i) the Directorate of Business Development for Social Forestry and Customary Forest (Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat, BUPSHA) to implement REDD+ activities through partnerships with local communities in FMUs outside national parks,
- (ii) the Directorate of Environmental Services Utilization and Conservation Forest (Direktorat Pemanfaatan Jasa Lingkungan Hutan Konservasi, PJLHK) to implement REDD+ activities in national parks, and
- (iii) (iii) the Directorate of Production Forest Management Unit (Direktorat Kesatuan Pengelolaan Hutan Produksi, KPHP) to implement REDD+ activities other than those related to social forestry in production forests of FMUs.

87. The IAs will be accountable for implementation of project activities and provision of the technical advice through UPTs (unit pelaksana teknis or technical implementation units) to the PISU. The respective UPTs at provincial levels will assist IAs in effective project monitoring. The provincial and district forest agencies and FMUs will collaborate with the UPTs. The project will be supported by the PISU, that will be responsible for the day-to-day implementation of the project at national, provincial and FMU levels, including the overseeing of the project safeguards, monitoring and reporting.

88. The FIP steering committee comprises MOEF as the Chair, MOF as Vice Chair with MOHA, BAPPENAS, SC DGM, National Forestry Council (*Dewan Kehutanan Nasional - DKN*), and FIP Focal Point as members. ADB, World Bank, and IFC participate as observers.

### B. Provincial and District Level

89. **Forest management units (FMUs).** The FMUs will coordinate site level implementation. Implementation will be assisted by PISU consisting of village facilitators team and other

specialists who shall work with communities.<sup>24</sup> The FMU will handle daily activities of the project in the forest area at site level and oversee adherence to this IPPF preparation and implementation. With the support of the social safeguard specialists and village facilitators, the FMU will undertake surveys, consultations, and delivery of entitlements. For IPPF preparation and implementation in non-forest area, FMU will coordinate with relevant agencies, particularly at provincial level that has the authority under UU 23/2014 on Regional Government in terms of non-state forest area management, specifically in terms of forest rehabilitation

90. The FMU will ensure that entitlements and measures in IPPF are consistent with IPDP and that suitable budgetary provisions are made for timely implementation of the IPPF. FMU will coordinate with relevant government agencies with regard to income/livelihood restoration which – in terms of state forest area – is under the authority of the provincial government.

91. For subprojects involving customary land and other local communities within forestlands, the FMU operationalizes the Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues in Forest Areas (2014). As such, the project will closely work with local governments. In as much as there are at least three districts within West Kalimantan, FMU will work with the provincial government, as it is this office through investigations made by the IP4T Team that shall resolve issues of customary rights and land tenure in forests located in more than one district/municipal territories.

92. The IAs will not issue notice to proceed for any civil works contract or will not allow any project construction activities until compensation payment has been fully disbursed to APs and rehabilitation measures are in place as per-project entitlements. In case of voluntary land donation, the civil works will commence when the statement of contribution has been made by the party who opted to the contribution. The EA shall further ensure that adequate funds are allocated and disbursed on time to pay land and service payments and allowances for provincial (and/or district) subprojects that are included in the project. Safeguards consultant(s) will support FMUs in conducting consultations with local communities, APs and other stakeholders.

93. In order to support the coordination, the project should maximize the use of communication infrastructure to be established in Jakarta, Pontianak and FMUs in Kapuas Hulu and Sintang districts. This will support internal communications within the project; for coordination, handling management issues, emerging trends and threats, planning, and to ensure efficient functioning of project implementation. This will facilitate coordination between national, sub-national, district or FMU for the delivery of almost-real-time information from activities on the ground to keep both central and local government to up date with the same information - to facilitate policy coordination, technology collaboration and information dissemination.

94. Figure 3 provides the schematic representation of the FIP organizational structure. PISU has direct role to address issues related to MHAs in the project areas. PISU will provide any

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<sup>24</sup> Implementation of any forest management scheme from MOEF i.e. HD, HTR and HKm will follow the regulations of each scheme: Forestry Ministry Decree No. P.37/Menhut-II/2007 on Hutan Kemasyarakatan; Decree No. P.14/Menhut-II/2010 and No. P.49/Menhut-II/2008 on Hutan Desa; and Decree No. P.3/Menhut-II/2012 on Hutan Tanaman Rakyat. Implementation of activities of non-forestry purposes such as microhydro and water supply will follow MOEF regulations on the usage of forest area for non-forestry development and Joint regulation of Ministry of Domestic Affairs, Ministry of Forestry, Ministry of Public Works, and Head of National Land Agency No. 99/2014, No. PB.3/Menhut---II/2014, No. 17/PRT/M/2014, No. 8/SKB/X/2014 on the Procedure for Settling the Land Control in Forestry Area.

information, data, and problems related to MHAs to UPT and to FMUs, and provide recommendations on possible measures to handle the issue.

### 1. Site Level: MHA Development Planning

95. **FMU.** The FMU will coordinate site level implementation and resettlement planning, to handle daily activities and oversee adherence to IPPF in IPDP preparation and implementation. It will undertake surveys and consultations with the help of qualified experts and the IP4T. The FMU shall assign one staff as the social safeguards focal point during program implementation. Village facilitators shall assist and work with communities and other field staff of the project.

96. Preparation of MHA Development Planning will depend on the impact of the project. In case the Project has overwhelmingly potential positive impact, an IPDP will be developed as part of community-based sustainable forest management, which is included in FMU annual work plan, but in case it has potential negative impacts during its implementation, an IPDP will be developed separately. The FMU will ensure appropriate/sufficient budgetary provisions are made for timely implementation of the IPDP.

97. For subprojects involving involuntary resettlement within customary lands and other local communities within forestlands, the FMU operationalizes the Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues in Forest Areas (2014). As such, the project will work closely with provincial and district government in terms of capacity building for IPs and in using traditional knowledge of IPs community including empowering IPs institutions. In as much as there are at least three districts within West Kalimantan, FMU will work with the provincial government, as it is this office through investigations made by the IP4T Team that shall resolve issues of customary rights and land tenure in forests located in more than one district/municipal territories.

98. The FMU has the following specific responsibilities in terms of IPPF:

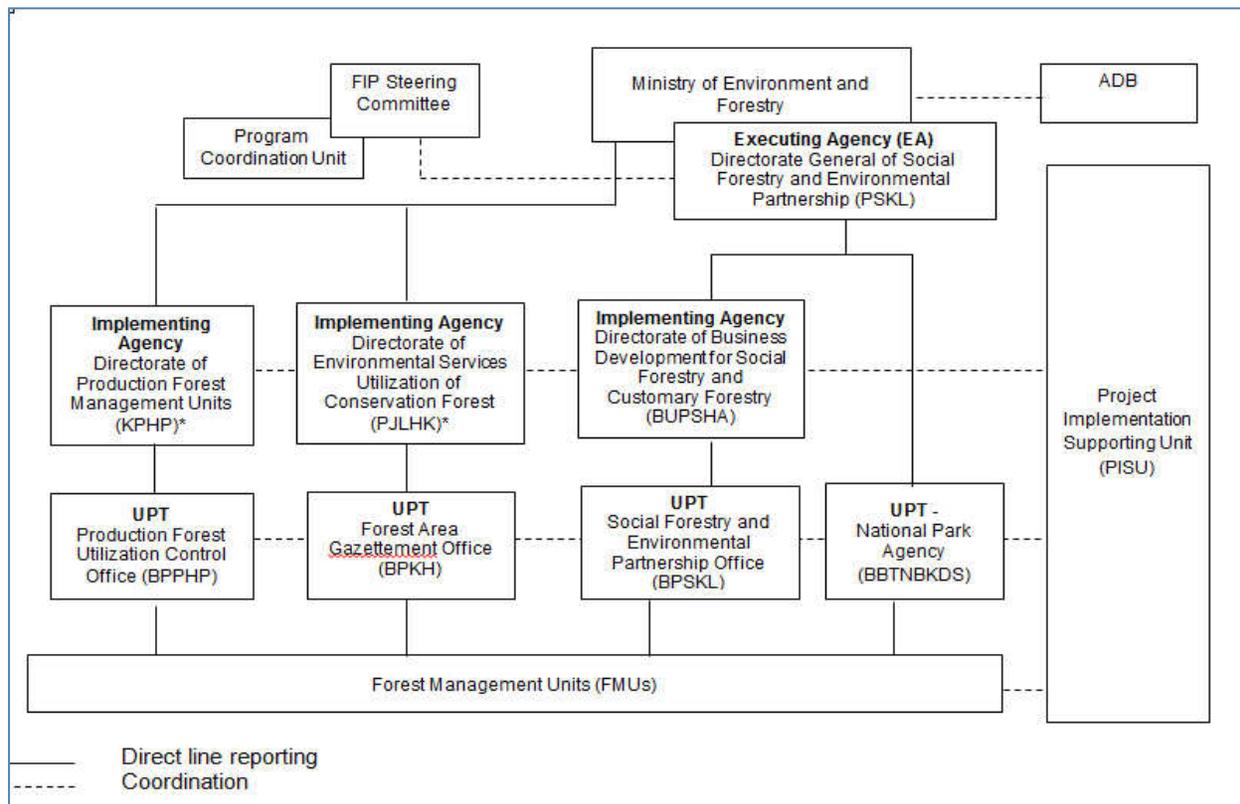
- (i) Collaboration with provincial and/or district land officer to carry out their work in compliance with the Project and ADB requirements;
- (ii) Provision of qualified personnel/entities to conduct social impact assessment;
- (iii) Ensure all requirements are carried out concerning broad community support, meaningful consultations and disclosure, and grievance redress;
- (iv) Collaborate with provincial and/or district land officer for any land negotiations, leases for use of land, and income/livelihood restoration programs;
- (v) Endorsement of the draft IPDP for MOEF approval;
- (vi) Monitor IPDP implementation; and
- (vii) Coordinate with contractors/NGOs/civil society organizations towards capacity building and monitoring and reporting.

99. Implementation of any forest management scheme from MOEF i.e. HD, HTR and HKm will follow the regulations of each scheme: Forestry Ministry Decree No. P.37/Menhut-II/2007 on Hutan Kemasyarakatan; Decree No. P.14/Menhut-II/2010 and No. P.49/Menhut-II/2008 on Hutan Desa; and Decree No. P.3/Menhut-II/2012 on Hutan Tanaman Rakyat.

100. Implementation of activities of non-forest purposes such as microhydro and water supply will follow MOEF regulations on the usage of forest area for non-forestry development and Joint regulation of Ministry of Home Affairs, Ministry of Forestry, Ministry of Public Works, and Head of National Land Agency No. 79/ 2014, No. PB.3/Menhut---II/2014, No.

17/PRT/M/2014, No. 8/SKB/X/2014 on the Procedure for Settling the Land Control in Forestry Area.

**Figure 3. Project Organizational Structure**



### C. Capacity Building

101. The project has an extensive support for capacity building. Aside from project technical concerns, capacity building is necessary to orient project management on operationalization of IPPF as well as prevailing government policies impinging on IP safeguards. Similarly, all structures across management levels will be capacitated. Assessment of current capacity and structures of FMU, CBFM, UP4T and other relevant structures will be done and based on the assessments; capacity development planning will be prepared. Adequate resources (both human and financial resources) and time will be allocated to support the implementation of capacity plan, and this should be done at the very beginning of the project implementation (first year). Capacity of community facilitators, representatives of MHAs will be also enhanced to ensure the participatory CBFM will be conducted accordingly. NGOs are expected to participate in the overall program including operationalization of this IPPF to eventually produce the necessary IPDPs under contract with FMU.

### D. IPDP Implementation

102. **FMU.** The FMU will coordinate site level implementation. Implementation of activities will be assisted by village facilitators who shall work with communities and other field staff of the project. With respect to MHA planning, the FMU under EA's supervision will be responsible for ensuring that the implementation shall (i) make use of appropriate mechanisms and structures at the village/sub-village level or MHA communities; (ii) undertake specific activities, that will

enable MHA to meaningfully engage in subproject activities; and (iii) ensure that MHA would fairly benefit from alternative income generating activities the project provides.

103. For subprojects involving customary land and other local communities within forestlands, the PSU/FMU operationalize the Joint Regulation of MOHA, MOEF, MOPW and Head of BPN on Procedure of Resolution of Land Tenurial Issues in Forest Areas (2014). As such, the project will closely work with local governments. In as much as there are at least three districts within West Kalimantan, PMU/FMU will work with the provincial government, as it is this office through investigations made by the IP4T Team that shall resolve issues of customary rights and land tenure in forests located in more than one district/municipal territories.

104. **Provincial government.** This office, specifically through the Governor, shall head the IP4T team to resolve issues of customary rights and land tenure in forests located in more than one district/municipal territories. The IP4T team comprises of the following:

- (i) Head of National Land Agency Regional Office as Chief and member;
- (ii) Staff of relevant Provincial Office that handles forestry affairs as secretary and member;
- (iii) Staff of Forest Area Assignment Agency as member;
- (iv) Staff of relevant Provincial Office/Agency that handle spatial layout affairs as member;
- (v) Relevant District/Municipal Land Office as member;
- (vi) Local Sub-District Head or other officials appointed as member; and
- (vii) Local Village/Non-Autonomous Village Head or other equal positions as member.

105. The IP4T Team shall have the following tasks:

- (i) Oversee IP4T application registration;
- (ii) Verify application;
- (iii) Collect field data;
- (iv) Analyze legal and physical data of land plots located in forest areas;
- (v) Prepare and submit analysis and results; and
- (vi) Submit the analysis to the Head of National Land Agency Regional Office or Head of District/Municipal Land Office.

106. Specific data to be produced by the IP4T Team are:

- (i) Maps;
- (ii) Land Plot Physical Tenurial Statement Letter (SP2FBT) made by the applicant, supported by reliable information from at least two witnesses from the local community who shall be of neither vertical nor horizontal kin relationship with the applicant up to the second degree, clarifying that the applicant is the actual landowner, authorized by village/non-autonomous village head or any other equivalent official;
- (iii) Ensure the content of the SP2FBT shall consist of:
  - Applicant identity;
  - Land location, boundaries and area;
  - Land use types; and
  - Year of obtaining the rights.

107. **MOEF.** MOEF will approve the IPDP. The EA shall further ensure that adequate funds are allocated and disbursed on time to pay land and service payments and allowances for provincial (and/or district) subprojects that are included in the project. MOEF will ensure that the project will be implemented with consideration of REDD+ safeguards under Cancun Agreement particularly on paragraph 71 and 72 which emphasized providing information on how the safeguards are being addressed and respected throughout the implementation of the activities referred to in paragraph 70; and ensuring the full and effective participation of relevant stakeholders, inter alia MHAs and local communities

#### **E. Unanticipated Impacts**

108. Indirect, and/or unanticipated impacts on MHA may become apparent during project implementation.<sup>25</sup> Should this occur, the FMU together with the provincial office shall ensure that a social impact assessment is conducted resulting to an updated IPDP or formulation of a new IPDP covering all applicable requirements specified in this IPPF. Social impact assessment for updating IPDP or formulation of a new IPDP shall include representatives of groups or sub-groups impacted by the project, leaders of MHAs and village authority .

### **VIII. MONITORING AND REPORTING ARRANGEMENTS**

109. The IAs, with support from FMUs and PISU, will ensure proper monitoring and evaluation of compliance of IPPF. Compliance monitoring will be conducted to include establishment and maintenance of an IP database, and monitoring arrangements to: (a) track engagement of indigenous groups in the various project activities, and; (b) determine whether IPDPs were carried out as planned, and in accordance with the IPPF; The IAs will conduct supervision and in-house monitoring of implementation of the IPDP. A sample of process and outcome monitoring indicators are provided in Appendix 5 to serve as guide in the determination of indicators for the M&E.

110. **IP community participation in monitoring.** MHA community participation in monitoring aims to strengthen the relationship between IAs and local governments, and the MHA, which in turn shall influence the government to play a more proactive role in knowing more about the MHA communities and respond to their needs. MHA communities through their representatives will participate in monitoring at village level and closely work as or with village facilitators.

111. **External monitoring.** External monitoring and evaluation will be commissioned by project management through a qualified individual, consultancy firm or NGO with qualified and experienced staff. The EA prepares the terms of reference (TOR) for external monitoring acceptable to ADB prior to contracting and ensures that funds are available for monitoring activities, and that monitoring reports are submitted to ADB.

112. As FIP is classified as a category A project for indigenous peoples, experienced external experts or qualified NGOs are needed to verify monitoring information. The external experts should be appropriately qualified professionals with relevant experience in similar activities, and are not associated with day-to-day operations of the project. The external experts shall verify internal reports by validating the delivery of mitigation and beneficial measures to the affected MHA. Semi-annual site visits and reports are necessary and deemed most effective in a participatory mode - directly involving project affected MHAs.

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<sup>25</sup> ADB Safeguards Policy Statement 2009: Annex 3.

113. The key responsibilities of external experts are: (i) to verify monitoring information to assess if IPDP objectives have been met, and particularly whether adverse impact mitigation and beneficial measures have been effective; and (ii) advise the EA/IA on safeguard compliance issues identified during monitoring (See Appendix 6 for a sample TOR on external monitoring).

114. **Schedule of monitoring and reporting.** Semi-annual monitoring reports will be prepared for submission to ADB that will include the progress of all activities. The reports should document: (i) the process and the extent of IPDP implementation, (ii) status updates on the IPDP monitoring indicators, and (iii) any unforeseen changes or impacts on MHA from the project. It is anticipated that MHA impacts may occur even after a subproject is completed, particularly the indirect impacts. Monitoring will therefore continue for two years after loan closure or until any major concerns have been reasonably addressed.

## **IX. BUDGET AND FINANCING**

115. The MOEF has allocated funds for planning and implementation of IP plans as well as built into the project financial requirements. Detailed budget will be prepared. Specifically, the following activities will be provided with the necessary budget support during implementation:

- (i) Provision for IP Specialists
- (ii) Social assessment and IP planning
- (iii) Internal and external monitoring and reporting
- (iv) Capacity building of project implementers, facilitators, partners and representatives from IP communities
- (v) IP livelihoods/income generation program including provision for study tour for MHAs communities for cross learning

## APPENDIX 1: DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with</b>			
Increased environmental and livelihood benefits (REDD+ National Strategy, 2012*; Indonesia Forest Investment Plan, 2012** West Kalimantan Provincial Action Plan for Reducing GHG Emissions, 2012***).			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<p><b>Outcome</b> Improved REDD+ implementation in project areas of West Kalimantan province</p>	<p>By 2026: a. Cumulative GHG emissions in project area reduced by 3.7 million tCO<sub>2</sub>e. (2017-2026 baseline net GHG emissions of 12.4 million tCO<sub>2</sub>e)</p> <p>By 2022: b. Household income of local communities<sup>1</sup> in three FMUs increased by 20% in real terms (2015 baseline: Rp30M/year in Kapuas Hulu, Rp15M/year Sintang in project villages) (with sex disaggregated data on targeted beneficiaries).</p>	<p>a-b. Government reports to the UNFCCC, MOEF records, BAPPENAS statistics, West Kalimantan REDD+ monitoring system</p>	<p>Rapid expansion of agriculture into project areas can lower net emission reductions</p> <p>Conflicts of interest and unclear responsibilities on REDD+ among stakeholders, including communities</p> <p>Low commodity market prices erode household income</p> <p>Natural disasters, forest fires, plant pathogens, or pests destroy forests</p>
<p><b>Outputs</b> 1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.</p>	<p>By 2022:</p> <p>1a. Five FMUs in two districts implement REDD+ pilots in a participatory manner (2016 baseline: .N.A.)</p> <p>1b. 6,000 ha of degraded land rehabilitated through community-based assisted natural regeneration. (2016 baseline: 0)</p> <p>1c. 1,880 ha of deforested land brought under improved community-based agroforestry systems. (2016 baseline: 0)</p> <p>1d. 5,000 ha of additional natural forest protected directly (2016 baseline: 1,400 ha) and 91,000 ha indirectly (2016 baseline: 0) through community-based forest fire management, including improved honey collection and fish drying techniques.</p> <p>1e. 17,000 ha of natural forest land brought under CBFM. (2016 baseline: 0)</p> <p>1f. At least 20 staff and 500 community members (200 women) trained in implementing community-based REDD+ pilots. (2016 baseline: 8 staff, 0 community members)</p> <p>1g. At least 10,000 people (5,000 women) in 2,800 households in project villages with improved clarification on access to land and natural resources. (2016 baseline: N.A.)</p>	<p>1a-e. PPMS reports, FMU management plans, FIP progress report</p> <p>1f. Training reports, PPMS reports</p> <p>1g. Field surveys, PPMS reports</p>	<p>Lack of ownership by FMU staff and local communities</p> <p>Lack of clarity on tenure and overlaps with concessions, and unexpected revisions in local forest management arrangements can delay implementation of CBFM agreements and planning of REDD+ pilots.</p> <p>Natural disasters, forest fires and pests affect forest growth and quality</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
2. Provincial REDD+ strategy in West Kalimantan effectively implemented.	<p>By 2022:</p> <p>2a. Three provincial regulations supporting REDD+ issued. (2016 baseline: N.A.)</p> <p>2b. Grievance redress mechanism on tenure and REDD+ operationalized. (2016 baseline: N.A.)</p> <p>2c. At least 50 staff (15 women) trained on REDD+ planning, implementation and communication. (2016 baseline: 5)</p> <p>2d. Safeguards and community-based monitoring system for REDD+, including activity registry, established. (2016 baseline: N.A.)</p>	<p>2a-b. Provincial reports</p> <p>2c-d. PPMS reports, provincial reports</p>	Conflict of interest and lack of commitment to make necessary changes in policies & regulation.
3. Sub-national fiscal policies on REDD+ harmonized with national policies.	<p>By 2022:</p> <p>3a. Guidelines for integrating natural capital considerations into fiscal policies and incentive mechanisms drafted. (2016 baseline: N.A.)</p> <p>3b. At least three sub-national policies (fiscal, benefit sharing and incentive mechanisms) harmonized with national policies. (2016 baseline: N.A.)</p> <p>3c. At least three gender-responsive proposals for mobilizing sub-national REDD+ funding developed. (2016 baseline: N.A.)</p>	3a-c. PPMS reports, MOEF reports	Conflict of interest and lack of commitment to make necessary changes in policies & regulation.

### Key Activities with Milestones

#### 1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented

- 1.1 Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure. (Q4, 2017)
- 1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES. (Q3, 2018) [G/CD]
- 1.3 Formulate CBFM agreements with local communities, including women. (Q3, 2018) [GE, G/CD]
- 1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development. (Q4, 2018) [G/CD, GE, PSD]
- 1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases. (Q3, 2019) [G/CD]
- 1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans. (Q3, 2019) [G/CD]
- 1.7 Support establishment of FMU “block XXI” and prepare its long-term business plan. (Q4, 2019)
- 1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction. (Q4, 2020) [G/CD]
- 1.9 Implement REDD+ pilots<sup>2</sup> with local communities, including women, to generate income and reduce emissions. (Q3, 2021) [PSD, GE]
- 1.10 Provide equipment and training for community-based forest fire management. (Q3, 2021)

#### 2. Provincial REDD+ strategy in West Kalimantan effectively implemented

- 2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure. (Q4, 2017)
- 2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations. (Q3, 2019) [G/CD]
- 2.3 Establish a provincial monitoring system and safeguards information system for REDD+. (Q4, 2019)
- 2.4 Establish a grievance redress mechanism on tenure and REDD+ activities. (Q3, 2019)

<p><b>3. Sub-national fiscal policies on REDD+ harmonized with national policies</b></p> <p>3.1 Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper. (Q3, 2017) [KS]</p> <p>3.2 Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure. (Q4, 2017)</p> <p>3.3 Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization. (Q2, 2018)</p> <p>3.4 Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project. (Q4, 2021) [G/CD]</p> <p><b>Project Management Activities</b></p> <p>A project performance management system established and operational (Q2, 2017)</p> <p>200 staff from various levels (national, provincial and FMU) trained on project management (Q2, 2018)</p> <p><b>Inputs</b></p> <p>ADB: \$0.0 million</p> <p>Government: \$1.7 million</p> <p>Strategic Climate Fund: \$17.0 million (grant)</p> <p><b>Assumptions for Partner Financing</b></p> <p>Not Applicable</p>
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ADB = Asian Development Bank, BAPPENAS = Ministry of National Development Planning, CBFM = community-based forest management, FIP = Forest Investment Program, FMU = forest management unit, FPIC = free, prior and informed consent, G/CD = governance and capacity development, GE = gender equity, KS = knowledge solutions, MOEF = Ministry of Environment and Forestry, N.A. = not available, PES = payment for environmental services, PPMS = project performance monitoring system, Q = quarter, REDD+ = reducing emissions from deforestation and forest degradation, tCO<sub>2</sub>e = tons of carbon-dioxide equivalent emissions.

<sup>1</sup> The local communities predominantly comprise Dayak and Melayu, in Indonesia known as *masyarakat hukum adat* (MHA) or *customary communities*.

<sup>2</sup> REDD+ pilots include forest-based activities (such as agroforestry systems, rubber plantations and assisted natural regeneration), other income generating activities (beekeeping, catfish culture, handicrafts, community-based ecotourism) and provisioning of training and small-scale infrastructure (such as rural road improvement, micro-hydro and solar panels).

\* REDD+ National Strategy, Indonesian REDD+ Task Force, Jakarta, Indonesia, June 2012

\*\* Indonesia Forest Investment Plan, document FIP/SC.9/6, Government of Indonesia, 2012.

\*\*\* Provincial Action Plan for Reducing GHG Emissions, Government of West Kalimantan, 2012.

Source: Asian Development Bank

**APPENDIX 2: MASYARAKAT HUKUM ADAT SCREENING CHECKLIST<sup>26</sup>**

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
<b>A. MHA Identification</b>				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
<b>B. Identification of Potential Impacts</b>				
9. Will the project directly or indirectly benefit or target MHAs?				
10. Will the project directly or indirectly affect MHAs' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of MHAs? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by MHAs, and/or claimed as ancestral domain?				
<b>C. Identification of Special Requirements</b> <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of MHAs?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of MHAs?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by MHAs?				
17. Acquisition of lands that are traditionally owned or customarily used occupied or claimed by MHAs?				

<sup>26</sup> ADB Social Safeguards Categorization and Checklists.

## **APPENDIX 3: ATTENDANCE TO CONSULTATIONS**

### **A. MHA Community Consultation**

1. A series of consultation with communities has been done since October 2014 to April 2015. Consultation with communities in FMU Kapuas Hulu and Sintang districts took place in October 2014. The next consultation with communities were carried out in November followed by the third consultation in December. In April the fourth consultation took place in the two FMUs, in the district and provincial offices. Participant of all these consultation were community member of Radin Jaya, Senangan Jaya, Tanjung Sari, Wana Bhakti, and Swadaya in FMU Sintang and Leboyan, Mensiau, Malemba, Batu Lintang, Sungai Utik, Banua Tengah, Rantau Prapat, Sungai Uluk Palin, Tanjung Lasa, Padua Mendalam, Bunut Hulu, and Sibau Hilir in Kapuas Hulu. Common suggestions raised by participants were support for development of rubber agroforestry, non-timber forest product value added development, micro-hydro electricity generator, and food-security related activity.

### **B. District Offices**

2. Consultation with district offices has been carried out since the beginning in the same period with consultation with communities. District offices the consultations have been undertaken were district and provincial forestry offices, District Development Planning Body (BAPPEDA), local government (representative of District Secretary or Sekda), regional office of Forest Gazettment or BPKH, and FMU, Main suggestion and recommendation from consultations were that the project need to consider District and Provincial Middle Term Development Plan or RPJMD, FMU Middle Term Forestry Development Plan, particularly those that related to REDD+ program. These consultations took place in the same period with those held for communities.

### **C. National Offices**

3. Consultation with national offices was held in March 2015. Ministry of Environment and Forestry, Ministry of Home affair, Bappenas, National Land Agency, and Ministry of Foreign Affairs were involved in the consultation. Besides this consultation, regular consultation has been held since the beginning with the Center for Standardization and Environment (Pustanling). Main consideration resulted from the consultation was the synergy with national development program in terms of village development, REDD+ program, and financial mechanism.

### APPENDIX 4: SAMPLE MONITORING INDICATORS

Examples of process and outcome indicators are shown in two tables below. These are not exhaustive, and should be selected as required with reference to the DMF as well.

Example of Process Indicators	
Demographic baseline	<ul style="list-style-type: none"> <li>• The numbers of affected MHAs by category of impact, gender, age, habitat (village etc.), income, status and position</li> <li>• Number of households with handicapped, elderly or invalid members</li> <li>• Number of female headed households</li> <li>• Number of vulnerable households (poor, elderly)</li> <li>• Number of households by ethnic group</li> <li>• Number of births and deaths</li> </ul>
Consultation and participation	<ul style="list-style-type: none"> <li>• Number of consultation and participation activities that occur—meetings, information dissemination, brochures; flyers, training</li> <li>• Percentage of MHA women as participants; number of meetings exclusively with MHA women</li> <li>• Percentage of vulnerable MHA groups represented / attending meetings; number of meetings exclusively with vulnerable MHA groups.</li> <li>• Languages used at meetings</li> <li>• Good faith negotiations—recording of process, participants, locations, correspondence</li> <li>• Broad community support—record of processes, participants, locations and agreement obtained</li> <li>• Consultation and participation progress against plan and budget</li> </ul>
Mitigation measures	<ul style="list-style-type: none"> <li>• Progress of implementation of mitigation / beneficial measures against plan</li> <li>• Number of activities that occur/completed—such as construction, livelihood restoration, disbursements, training</li> <li>• Percentage progress against timelines and budget</li> </ul>
Grievance redress	<ul style="list-style-type: none"> <li>• Total number of people or group using the grievance redress procedure.</li> <li>• Number of distinct people/groups. Any MHA group with significantly more grievances?</li> <li>• How many times has a household submitted the same grievance?</li> <li>• Number of grievances resolved?</li> <li>• Length of time taken to be resolved?</li> <li>• Types of grievance categories and prevalence</li> </ul>
Implementation problems	<ul style="list-style-type: none"> <li>• Identified delays—(days, cost) due to personnel, capacity, insufficient funds, etc</li> <li>• Number of times implementation schedule revised</li> </ul>
Example of Outcome Indicators	
Consultation and participation program	<ul style="list-style-type: none"> <li>• Awareness of MHA issues among implementing stakeholders in each sector</li> <li>• Awareness of IPDP mitigation and beneficial measures amongst recipients</li> <li>• Awareness of project details amongst stakeholders</li> <li>• MHA perception of effectiveness, cultural appropriateness and inclusiveness of consultation measures</li> <li>• Attendance at consultation and participation activities</li> <li>• Level of involvement by MHA and representatives in the design and implementation of consultation and participation</li> </ul>
Enhanced dignity of MHA groups, integrity of traditional kinship networks and livelihood patterns	<ul style="list-style-type: none"> <li>• Changes in religious/cultural practices</li> <li>• Changes in cultural governance</li> <li>• Participation in cultural governance (by gender, status)</li> <li>• Number of people (age &amp; sex) who can speak national language and/or local dialect</li> <li>• Changes in condition of schools, community buildings, temples structures</li> <li>• Numbers of religious/cultural events and persons (monks shamans, priests etc.)</li> <li>• Participation in cultural/religious events (by gender, time/resources allocated)</li> </ul>

Livelihoods and living standards	<ul style="list-style-type: none"><li>• Major asset inventory—e.g. vehicle, phone, tools, kitchen equipment</li><li>• Changes in patterns of MHA occupation, production, and resource use</li><li>• Changes in income and expenditure patterns among IP households</li><li>• Savings</li><li>• Change in food used by MHA—amount, nutrition source</li><li>• Cost of living changes—market prices etc.</li><li>• Changes in key social parameters—gender roles of production</li><li>• Vulnerable groups—status, relative income, livelihood</li><li>• Education—literacy and numeracy level in national/ethnic language</li><li>• School attendance of MHA children (by sex and age)</li><li>• Key health indicators of MHA (by gender, age)</li></ul>
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## APPENDIX 5: SAMPLE TERMS OF REFERENCE FOR EXTERNAL MONITORING

### A. Objectives

1. The objective of this consulting service is to verify the ongoing monitoring information of the implementation of an indigenous peoples development plan (IPDP) and advise MOEF on safeguard compliance issues for FIP, considered to have significant *masyarakat hukum adat* (MHA) impacts.

### B. General Scope of Work

2. This scope of work will require the expert to undertake the following general tasks, among others:

- (i) Coordinate closely with MOEF and MHA communities regarding the monitoring and evaluation of the situation of affected MHA communities;
- (ii) Review and verify the progress in implementing the IPDP through the monitoring information internally generated.
- (iii) Monitor the effectiveness and efficiency of MOEF as regards IPDP implementation.
- (iv) Assess whether the MHA objectives, particularly the mitigation of project impacts and provision of beneficial measures are being achieved, or have been met.
- (v) Assess whether the overall results of IPDP activities are being achieved. In particular, improvement of livelihood and living standards; and protection or enhancement of MHA cultural integrity. Provide recommendations for improvement.
- (vi) Assess whether there are significant MHA issues that are not being addressed and, if required, draw on policy and practices to advise on a corrective action plan.

### C. Specific Scope of Work

3. The expert's work will include several specific tasks:

- (i) Visit each project location bi-annually during the implementation phase to review the results of internal monitoring for the purpose of preparing a monitoring report;
- (ii) During site visits, involve the MHA communities in focus groups discussions to assess the projects impacts (positive and negative). Focus groups discussions will be led by locally trained facilitators, preferably, in the MHA language and ensure that women, the vulnerable and poor, and any relevant social and cultural MHA subgroups are meaningfully included;
- (iii) Identify the strengths and weaknesses of the IPDP objectives and approaches, as well as of the implementation strategies;
- (iv) Review the results of the internal monitoring reports and verify progress in IPDP implementation in each subproject.
- (v) Prepare a semi-annual report for MOEF after the implementation of the plan begins. In particular:
  - a. Verify and assess the implementation and effectiveness of the information disclosure, participation and communication strategies;
  - b. Assess the grievance redress mechanism and verify the handling of grievances with the aggrieved MHA.

- c. Assess the efficiency, effectiveness, impact and sustainability of the results achieved by the various IPDP measures.
  - d. Suggest modifications in the implementation procedures, if necessary, to achieve the principles and objectives of the IPDP.
- (vi) Make two further monitoring visits to each project location 1 and 2 years following completion to assess sustainability of IPDP measures. These visits will coordinate with the internal monitoring activities with the MHA and involve special attention to monitoring impacts on the women and other vulnerable groups among the impacted MHA.

#### **D. Outputs**

4. The outputs expected will involve the following:

- (i) A detailed monitoring report after each monitoring visit. Apart from the specific items noted above, the monitoring report will:
  - a. Specifically describe whether the implementation program has been successfully implemented in accordance with the IPDP;
  - b. Outline any outstanding actions that are required to bring the implementation activities in line with the IPDP and the Safeguard Requirements 3 of the ADB Safeguard Policy Statement (2009);
  - c. Describe further mitigation/beneficial measures needed to meet the needs of any MHA communities judged and/or perceiving themselves to be worse off as a result of the project;
  - d. Provide a timetable and define budget requirements for any supplementary measures for the IPDP and draft a corrective action plan or IPDP update to address such issues;
  - e. Describe any lessons learned that might be useful for future activities.
- (ii) Attend a joint meeting with representatives of PMU, ADB, and any MHA-nominated representative to present the findings, including recommendations for meaningful improvements in the implementation process.
- (iii) Ensure that the monitoring reports, corrective action plan and/or IPDP updates are submitted to ADB for review and disclosed in full on the MoEF and ADB websites.

#### **E. Qualifications**

5. The external expert or NGO will have significant experience in monitoring and evaluation. Familiarity and work experience with the subject MHA would be preferred. Experience with other similar MHA groups in Indonesia would also suffice. Persons with a social science background will be preferred.

#### **F. Estimated Person-Months**

6. 10 person-months.

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Lack of ownership by FMU staff and local communities	Medium	<p>The project will design (i) capacity building initiatives targeted at staff in FMUs and districts, and (ii) livelihood improvements to ensure strong ownership of communities.</p> <p>The project will allocate more than 80% of the total grant to district- and province-wide activities to strengthen institutional coordination mechanisms and incentive systems.</p>
Conflicts of interest, lack of clear responsibilities among stakeholders, including communities, and lack of commitment of staff to make necessary changes in policies and regulations	Medium	<p>Prior agreements on responsibilities of different stakeholders, including selection of beneficiaries and coordination among institutions at various levels, will be made to reduce conflict of interest. Project will invest in activities that will:</p> <ul style="list-style-type: none"> <li>• enable better communication among stakeholders through bulletins in local dialects, focus group discussions, community radios, posters, and other media outlets;</li> <li>• clarify tenure and other causes of conflicts, e.g. review of spatial plans to identify tenure conflict areas, provincial strategy for tenure conflict resolution;</li> <li>• assess rights of communities and enhance capacity to negotiate favorable rights to local communities through community forest management tenure agreements</li> <li>• communicate best practices in REDD+ policies and regulations adopted in other countries to provincial and national government staff.</li> </ul>
Natural disasters, forest fires, insect pests and plan pathogens affect forest growth and quality	Medium	<p>Project will include appropriate climate change mitigation and adaptation measures. Project will provide support to community-based forest fire management. Project will use hardy species and varieties for different activities including agroforestry and assisted natural regeneration.</p>
Lack of clarity on tenure and overlaps with concessions, and unexpected revisions in local forest management rules can delay implementation of CBFM and planning of REDD+ pilots	Medium	<p>Project will support efforts to clarify tenure, and restrict project locations to areas outside known concessions; District and FMU staff will commit to communities entering into CBFM agreements not to make abrupt changes in local forest management rules in project areas.</p>

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
Capacity constraints in governance, including financial management, procurement	Medium	Project will provide training on ADB project administration, including financial management and procurement. A project implementation supporting unit (PISU) will assist in building governance capacity as well as adoption of strict SOPs and a monitoring and evaluation system. The ADB's Procurement Guidelines will be translated into Bahasa Indonesia. A website will be maintained to disclose project information including procurement contracts, bidding procedures and grievance redress procedures.
Low commodity market prices erode household income	Low	Project will invest in activities to add value to products, including honey, gaharu, coffee and rubber, and in alternate livelihood options.
Rapid expansion of agriculture into project areas can lower net emission reductions	Low	Project will ensure that FMU and district staff does not permit any expansion of agriculture into project areas; FMU staffs have already committed to prevent expansion of farming in project areas. Project activities will be restricted to areas with reduced risk of displacement effects. The project will ensure improved compliance with spatial planning regulations and FMU management plan.
Anticorruption	Low	The government will ensure that the project is carried out in compliance with all applicable Indonesian law and regulations on anticorruption and ADB's Anticorruption Policy (1998, as amended to date). All Project staff will participate in the training on ADB's Anticorruption Policy and Indonesian anticorruption regulations.
Implementation delays due to lengthy consultation and participatory process	Medium	Institutions engaged in project implementation need better coordination and capacity, especially for inclusion and participation of all relevant stakeholders during implementation.
<b>Overall</b>	<b>Medium</b>	

FMU = forest management unit; MOEF = Ministry of Environment and Forestry; MOF = Ministry of Finance; SOP = Standard Operating Procedures  
Source: Asian Development Bank

# Financial Management Assessment

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Draft for FIP Subcommittee Review  
Project Number: 47084  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(as of 25 June 2016)

	–	Rupiah (Rp)
Currency unit		
Rp 1.00	=	\$0.000074
\$1.00	=	Rp 13,415

## ABBREVIATIONS

ADB	-	Asian Development Bank
APBD	-	Budget of Sub-National Government
APBN	-	State Budget of Central Government
BPKP	-	Financial and Development Supervisory Board
DGM	-	Dedicated Grant Mechanism
EA	-	executing agency
FMA	-	financial management assessment
FMU	-	forest management units
GHG	-	greenhouse gas
IA	-	implementing agencies
IFC	-	International Finance Corporation
IG	-	Inspectorates General
KPPN	-	Treasury branch offices
M&E	-	monitoring and evaluation
MHA	-	<i>Masyarakathukumadat/</i> Customary communities
MOEF	-	Ministry of Environment and Forestry
MOF	-	Ministry of Finance
MTEF	-	medium-term expenditure framework
PBB	-	performance-based budgeting
PEFA	-	Repeat Public Expenditure and Financial Accountability
PFM	-	Public Financial Management
PSU	-	project implementation supporting unit
RAN GRK	-	National Action Plan for Reducing Greenhouse Gas Emissions
REDD+	-	Reducing Emissions from Deforestation and Forest Degradation conservation, sustainable management of forests, and enhancement of forest carbon stocks improvement (+ refers to the last three phrases)
SC	-	Steering Committee
SFM	-	sustainable forest management
SOE	-	statement of expenditures
SPAN	-	government financial management information system
TA	-	technical assistance

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## Executive Summary

The Asian Development Bank's (ADB) Charter<sup>1</sup> places a clear fiduciary responsibility to ensure that projects are financially viable and sustainable, that funds are used for their intended purpose, and that the Government has the capacity to fulfill obligations under the grant agreement. ADB's financial due diligence requirements stem from the Charter obligations. Effective financial management is a critical success factor for efficient project implementation and project sustainability.

The proposed Community-Focused Investments to Address Deforestation and Forest Degradation Project in Indonesia will cost about \$18.70 million<sup>2</sup>. The Directorate General of Social Forestry and Environmental Partnerships of the Ministry of Environment and Forestry (MOEF), will be the Executing Agency (EA), responsible for the overall implementation of the project. The implementing agencies (IAs) will include the: Directorate of Business Development for Social Forestry and Customary Forestry, Directorate of Environmental Services Utilization of Conservation Forest, and Directorate of Production Forest Management. Financial Management Assessment (FMA) questionnaires have been completed for the EA and three IAs.

The overall assessment of the fiduciary risk has been assessed as moderate mainly due to: (i) some Public Financial Management (PFM) reform areas still indicates weaknesses; (ii) inadequate capacity of the government audit institutions; (iii) with the recent merger of the MoEF, there is unclear delineation of tasks which would provide clear accountability for the project and key positions are yet to be determined; and (iv) differences in standards and classification system between central and sub-national governments. To address these risks, the government has set out laws, regulations, framework to improve its PFM system; and resources have been made available to address the inadequate capacities of agencies.

At the project level, the fiduciary risk has been considered as low with the following weaknesses and risks identified: (i) limited experience with ADB's guidelines and procedures; (ii) capacity constraints at the district and forest management unit level; (iii) incomplete and late submission of financial and progress reports. Capacity building on ADB procedures and guidelines will be provided through allocation of support from an experience senior staff and ADB IRM and early establishment of support units.

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<sup>1</sup> Agreement Establishing the Asian Development Bank, August 1966.

<sup>2</sup> The Strategic Climate Fund will provide \$17.00 million on a grant basis to be administered by ADB.

## I. INTRODUCTION

1. This Financial Management Assessment (FMA) has been prepared in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects (the Guidelines) and the publication Financial Due Diligence: A Methodology Note. The FMA incorporates the Financial Management, Internal Control and Risk Management Assessment required by the Guidelines. Appendix 1 presents the consolidated results of the completed FMA questionnaires from the executing agency (EA) and implementing agencies (IAs). Preparation activities included interviews of the Government agencies' staff, consultants, private sector, targeted project beneficiaries and other stakeholders and reviewing documents. Mitigating actions were identified together with the stakeholders.

2. The purpose of this FMA was to determine the robustness of the accounting, financial controls and internal audit arrangements, and the capability of the EA and IAs to meet all the fiduciary requirements set out in the grant agreement and other project documents. Within this context, the report presents results of a FMA of the EA and IAs, including agreed project financial arrangements, financial responsibilities of each of the EA and IAs, and associated entities, and perceived financial risks and risk management. This report also provides guidance to the EA, IAs and other stakeholders to prepare proper mitigation measures to ensure the effective project performance, following country laws and regulations as well as ADB's requirements.

## II. PROJECT DESCRIPTION

3. The project is part of Indonesia's Forest Investment Program (FIP) and will complement the other two projects implemented by the World Bank and the International Finance Corporation (IFC). The project will invest in community-focused reducing emissions from deforestation and forest degradation (REDD+) activities (e.g., community-based land use planning, community-led forest fire management, assisted natural regeneration, community-based ecotourism) in five forest management units (FMUs) in Kapuas Hulu and Sintang districts, addressing the drivers of deforestation and forest degradation. The project will strengthen capacity of district and provincial governments in West Kalimantan, provide support to harmonize fiscal policies on REDD+ with national policies, and establish non-monetary incentives, and monitoring and safeguards information systems.

4. The project will contribute to the objectives of the master plan for the acceleration and expansion of Indonesia's economic development 2011–2025, national action plan to reduce Greenhouse Gas (GHG) emissions (RAN GRK), national REDD+ strategy<sup>3</sup> and West Kalimantan's provincial action plan to reduce emissions. It will promote inclusive growth and environmental sustainability, the two pillars of the ADB's Country Partnership Strategy (2012–2014). It aligns with ADB Strategy 2020 and the Southeast Asia Department's climate change implementation plan. It provides strong links with ADB technical assistance (TA) projects<sup>4</sup> on sustainable forest management and with projects of other development partners. Co-financing from development partners will be sought during project preparation. Potential co-financing could be provided by KFW, ICCTF, the Green Climate Fund (GCF) and other donor agencies.

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<sup>3</sup> Indonesian REDD+ Task Force. 2012. REDD+ National Strategy, Jakarta, Indonesia.

<sup>4</sup> ADB, 2013. Technical Assistance to Indonesia for Sustainable Forest and Biodiversity Management in Borneo. Manila (TA 8331); Technical Assistance to Indonesia for Sustainable Livelihoods Systems for Indigenous Peoples in the Indonesian Heart of Borneo (Japan Fund for Poverty Reduction Grant Project No. 44413-02; in process).

The Government of Indonesia, with the support of ADB, is inviting international institutions and other organizations to support the activities under the current FIP funding.

5. **Beneficiaries.** The project will focus on customary communities, or *Masyarakat hukum adat*(MHA), in five FMUs that rely on forest as a source of economic benefits, cultural values and environmental goods. In 2013, the percentage of people living under the poverty line in Kapuas Hulu and Sintang districts (10.09% of poor people in each district) was higher than the provincial average.<sup>5</sup> There are two dominant groups of customary communities in the districts, the Dayak and the Melayu. Most Dayaks live in villages and hamlets while the Melayu are mostly concentrated along rivers and around Danau Sentarum National Park. These groups generally lack opportunities and resources that would allow them to escape poverty by, for instance, adopting improved production and processing of wood and non-wood products and accessing markets. These groups suffer disproportionately from food shortages, insecurity of land tenure, and low levels of education and organization.

6. **Impact and Outcome.** The expected impact will be reduced GHG emissions from forests in Kapuas Hulu and Sintang districts; and enhanced livelihoods and environmental co-benefits from sustainable forest management. The outcome will be enhanced institutional capacity of institutions and communities to implement REDD+ at sub-national levels in West Kalimantan.

7. **Outputs.** The project's outputs are: (i) Output 1: Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented; (ii) Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented; and (iii) Output 3: Sub-national fiscal policies on REDD+ harmonized with national policies. Each output corresponds to activities under different levels of implementation (district, provincial and national) in order to respond to the need of improving coordination between institutions for the implementation of REDD+ in line with provincial and national strategies. Communication among different levels is an important element for the successful implementation of the project. Each one of the outputs includes activities aimed at improving communication, including provision of communication equipment, training on communication and production of communication material to disseminate project related information.

8. Output 1: Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented. The activities under this output will be implemented in 17 villages in 5 FMUs. The activities include sustainable forest management (SFM) and agroforestry that will provide additional income to local communities, contributing to their economic resilience and food security, in addition to reducing GHG emissions. Forest protection will be achieved by reducing the pressure on forest from local communities that rely on forest resources for their livelihood. Activities will strengthen institutions to sustainably manage forest lands through a participatory approach. Agroforestry systems with rubber-coffee and rubber-gaharu and rubber plantations will be established on 1,880 ha and will be part of the forest management plans that will be developed jointly between FMUs and local communities. On forested land, 10 community-based forest management plans will be developed and entered into a partnership scheme with the FMU, securing the management rights and use of the land by local communities. Land boundaries will be established jointly by community members and FMU staff when developing the management plans. Community-based fire management activities will be

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<sup>5</sup> BPS Kapuas Hulu. 2013. *Kabupaten Kapuas Hulu dalam Angka 2013*; BPS Kabupaten Sintang. *Kabupaten Sintang dalam Angka 2013*.

supported in the Danau Sentarum National Park that has frequent forest fires (covering 5,000 ha) and in two villages outside the Park in Kapuas Hulu (Bunut Hulu, Nanga Tuan, and Sibau Hilir). The activities will be implemented with the full and effective participation of all relevant stakeholders, including the local communities and ensuring the effective participation of women.

9. Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented. This output includes activities at provincial level targeted to strengthening the capacity of the province to implement REDD+, including procedures like monitoring and reporting, grievance redress, benefit sharing mechanisms and the link of these mechanisms with FMUs and the national level. Specific activities include the establishment of a monitoring system and safeguards information system, the establishment of a grievance redress mechanism, and province-wide workshops, exchange visits, and training programs conducted on REDD+ concepts, carbon accounting, SFM guidelines, and the preparation of regulations on all of these topics. The project will support the drafting of policies on REDD+ on topics such as monitoring and reporting of REDD+ activities, incorporating an activity registry; benefit sharing mechanism; and participatory planning and implementation. The policies will be drafted to be in line with national legislation and considering local conditions in the communities. The drafting process will include consultation processes with different REDD+ related stakeholders at the provincial, FMU and district level.

10. Output 3. Sub-national fiscal policies on REDD+ harmonized with national policies. This output involves FMU, provincial and national levels activities targeted at harmonizing REDD+ related policies that facilitate an effective implementation of the REDD+ strategy at different levels. Activities include an analysis of fiscal policies with regards to integration of natural capital considerations; the organization of policy dialogues to assess gaps and identify remedial measures for key regulatory and fiscal aspects of REDD+; and the identification of relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project. In order to increase the funding to the project from other donors, the preparation of 3 proposals will be supported. Specifically, proposals will be directed to have access to: the Japanese fund (2 million USD), the Dedicated Grant Mechanism (DGM) of the FIP (6.5 million USD) and the Heart of Borneo project.

11. The project will be implemented over the period of five years (2017-2021) in the province of West Kalimantan in the districts of Kapuas Hulu and Sintang. Direct intervention of the project activities will be conducted in 17 villages and in Betung Kerihun and Danau Sentarum national parks.

12. **Executing Agency and Implementing Agencies.** The Directorate General of Social Forestry and Environmental Partnerships (*Direktorat Jenderal Perhutanan Sosial dan Kemitraan Lingkungan*, PSKL) of the Ministry of Environment and Forestry (MOEF), will be the EA. The implementing agencies (IAs) will include the: Directorate of Business Development for Social Forestry and Customary Forestry (*Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat*, BUPSHA), Directorate of Environmental Services Utilization of Conservation Forest (*Direktorat Pengelolaan Jasa Lingkungan Hutan Konservasi*, PJLHK); and Directorate of Production Forest Management (*Direktorat Kesatuan Pengelolaan Hutan Produksi*, KPHP). MOEF will be responsible for coordinating with FIP Steering Committee, compliance with FIP requirements including annual monitoring and reporting of the project's contribution to the FIP Results Framework. MoEF, as EA, will be responsible for the overall coordination and implementation of the project.

13. The Steering Committee (SC) chaired by the Secretary General of MOEF and comprising Director General level from MOEF, Ministry of Finance (MOF), National Development Planning Agency (BAPPENAS), Coordinating Ministry of Economic Affairs (CMEA), Directorate General of Rural and Human Resource Development, FIP Focal Point, SC Focal Point, member of Dedicated Grant Mechanism (DGM) Steering Committee will provide policy and strategic directions and program coordination; coordinate different agency activities for complex national issues and formulate solutions to impediments during project implementation; monitor and evaluate the overall project performance and outcomes; and review and endorse annual work plans.

14. The total project cost is estimated at \$18.70 million of which \$16.10 million constitutes base costs and \$2.60 million for contingencies. The Strategic Climate Fund<sup>6</sup> will provide \$17.00 million on a grant basis to be administered by ADB which will be utilized for civil works; vehicles, furniture and equipment; goods, services and materials; consulting services; workshop, seminar, training, demos, and studies; incremental operating and management cost; and contingencies. The Government will provide in-kind contribution and the remaining project cost estimated at \$1.70 million (\$1.46 million in taxes and duties and \$0.23 million for contingencies).

**Table 1: Detailed Cost Estimates by Expenditure Category**

ITEM	USD Million	Rp Million	% total
Base cost*			
1 Consulting Service	3.42	40.70	18.3
2 Civil works	3.47	41.33	18.6
3 Vehicles, furniture and Equipment	1.69	20.09	9.0
4 Goods, Services, Materials	6.67	79.43	35.7
5 Workshop, Seminar, Training, Demos, studies	2.08	24.70	11.1
6 Incremental Operational and Management Cost	0.26	3.10	1.4
<b>Total base cost</b>	<b>17.59</b>	<b>209.35</b>	<b>94.1%</b>
Physical Contingencies	0.85	10.11	4.5
Price Contingencies	0.26	3.07	1.4
<b>Total Project Cost be Finance</b>	<b>18.70</b>	<b>222.52</b>	<b>100.0%</b>

\*taxes and duties to be financed from government resources through exemption

<sup>6</sup> Under the Forest Investment Program financed by the Strategic Climate Fund.

**Table 2: Detailed Cost Estimates by Financier**

	Item	ADB	%	GOI	%	Total	%
<b>Base cost</b>							
1	Consulting Service	3.11	90.9	0.31	9.1	3.42	18.3
2	Civil works	3.16	90.9	0.32	9.1	3.47	18.6
3	Vehicles, furniture and Equipment	1.53	90.9	0.15	9.1	1.69	9.0
4	Goods, Services, Materials	6.07	90.9	0.61	9.1	6.67	35.7
5	Workshop, Seminar, Training, Demos, studies	1.96	90.9	0.12	9.1	2.08	11.1
6	Incremental Operational and Management Cost	0.16	90.9	0.10	9.1	0.26	1.4
<b>Total Base Cost</b>		<b>15.99</b>		<b>1.60</b>		<b>17.59</b>	<b>94</b>
	Physical Contingencies	0.77	90.9	0.08	9.1	0.85	4.5
	Price Contingencies	0.23	90.9	0.02	9.1	0.26	1.4
<b>Total Project Cost be Financed</b>		<b>17.00</b>	<b>90.9</b>	<b>1.70</b>	<b>9.1</b>	<b>18.70</b>	<b>100.0</b>

**Table 3: Detailed Cost Estimates by Outputs**

	Item	Output 1	Output 2	Output 3	Total
<b>Base cost*</b>					
1	Consulting Service	1.67	0.75	1.00	3.42
2	Civil works	3.47	0.00	0.00	3.47
3	Vehicles, furniture and Equipment	1.67	0.01	0.01	1.69
4	Goods, Services, Materials	6.67	0.00	0.00	6.67
5	Workshop, Seminar, Training, Demos, studies	1.77	0.22	0.09	2.08
6	Incremental Operational and Management Cost	0.16	0.05	0.05	0.26
<b>Total Base Cost</b>		<b>15.41</b>	<b>1.04</b>	<b>1.15</b>	<b>17.59</b>
	Physical Contingencies	0.17	0.30	0.38	0.85
	Price Contingencies	0.04	0.06	0.15	0.26
<b>Total Project Cost to be Financed</b>		<b>15.61</b>	<b>1.40</b>	<b>1.68</b>	<b>18.70</b>

\* Taxes and duties to be financed from government resources through exemption.

Note: Numbers may not sum precisely because of rounding.

Source: ADB estimates

### III. COUNTRY AND SECTOR FINANCIAL MANAGEMENT ISSUES

15. The 2012 Repeat Public Expenditure and Financial Accountability (PEFA) assessment for Indonesia<sup>7</sup> updates the previous assessment carried out in 2007, which utilized the PEFA measurement framework. The report focuses on the key changes in the public PFM system performance from 2007 to 2011 and on the ongoing reforms that should impact an assessment in the future. The report highlights the average improvements made in five<sup>8</sup> of the six main categories considered by the PEFA methodology. The overall ratings indicate a mixed assessment for Indonesia. Of the 31 indicators rated, 5 were rated A (16%); 9 were rated B or B+ (29%); 13 were rated C or C+ (42%) and 4 were rated D or D+ (13%).

<sup>7</sup> Prepared by the World Bank, 31 December 2012.

<sup>8</sup> Namely: the comprehensiveness and transparency of the budget; policy-based budgeting; predictability and control in budget execution; accounting, recording and reporting; and external audit and scrutiny.

16. The 2007 PEFA assessment reflected a mixed picture of strengths and weaknesses in Indonesia's PFM system. It indicated key strengths related to transparent and comprehensive budget documentation, a well-defined budget process with both executive and legislative adhering to the schedule, a budget classification which complied with international standards and efforts to strengthen the external audit function. It also highlighted the sound regulatory framework that had been put in place in the preceding few years for almost all PFM areas, the major reorganization that had taken place at the MoF (which created the separate budget and treasury functions), and the advances that had been made in budget preparation, such as instituting a unified budget. Weaknesses were identified across dimensions of budget execution such as financial reporting, weak recording of cash, payroll controls and internal audit, as well as the high variation between budgets and outturns.

17. The 2012 report indicates that Indonesia has made steady progress to strengthen the quality of PFM systems and processes between 2007 and 2011. The improvement in ratings demonstrates government's commitment in achieving the PFM reform set out in the Government White Paper of 2002. The assessment highlights progress in the area of budget execution, with the development of a unified budget and a Treasury Single Account (TSA) to strengthen control over spending and cash management. Improvements have also been made in the coverage of fiscal accounts, accounting practices, payroll, internal controls and fiscal risk management. In 2010, 60% of ministries and agencies achieved unqualified opinions in the audit report.

18. In some reform areas, it was too early to measure the improvements like the medium-term expenditure framework (MTEF) and performance-based budgeting (PBB) which were introduced in the 2011 budget and still require considerable refinement over the next few years; the ongoing capacity building effort to strengthen internal and external audit; the implementation of the computerized Government Financial Management Information System (Sistem Perbendaharaan dan Anggaran Negara, SPAN); the new procurement law and introduction of e-procurement and new disclosure policies still indicates weaknesses in the systems application; and accrual accounting is due to be introduced in 2015. The report also highlights the ongoing problems of weak spending outturns, relative to budget, particularly for capital spending, which perhaps reflects the focus on tightening of expenditure controls and compliance rather than on delivery and performance.

19. **ADB Country Partnership Strategy (CPS).** The CPS 2012-2014 assessed the major governance related risks to be in PFM, procurement and corruption. Issues include: slow implementation of PFM reforms; improvement in the quality of program structures and performance indicators of the MTEF/PBB; weak capacity; cumbersome budget approval process in regional governments; conflicting rules and regulations within the country's procurement systems; and inadequate institutional accountability in the public sector. These risks could be addressed and mitigated by strengthening PFM, reinforcing capacity, and close monitoring by ADB and a special task force reporting directly under the President.

20. The government audit institutions performance is hampered by its inadequate capacity, weak coordination between the audit institutions, and lack of uniform auditing-planning framework. The National Public Procurement Agency (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah - LKPP) was established as an independent government institution that reports directly to the President under the Presidential Regulation 106/2008. The regulatory framework improved with the issuance of Presidential Decree (Perpres) 54/2010, which follows international standards. However, public procurement is handled differently across the country and among ministries/agencies. These weaknesses will be addressed under the CPS through

the governance and capacity building interventions. Following a series of policy-based lending operations, ADB will continue to provide TA resources to support the national action plan for fiscal decentralization.

#### **IV. PROJECT FINANCIAL MANAGEMENT SYSTEM**

##### **A. Overview**

21. Indonesia's newly introduced financial management information system (SPAN), was designed to improve transparency, efficiency and accountability of the government's financial transactions. It will provide centralized databases of all government financial transactions, which, through real-time reporting and accounting, will help the government manage budget allocation, expenditure commitments, and spending limits. With the introduction of a reliable cash management system, SPAN is also expected to improve cash flow forecasts and planning. Development of SPAN started in 2009 and was piloted in 2014. SPAN was then gradually rolled out to all 181 treasury branch offices or KPPN (Kantor Pusat Perbendaharaan Negara) over a twelve-month period. SPAN is currently operating in 222 locations comprising 181 treasury branch offices or KPPN, 33 provincial treasury offices, and 8 treasury directorate units across Indonesia. SPAN is fully operational since February 2015 managing 100 percent of all financial transactions of over 24,000 spending units in Indonesia.

22. The State Finance Law No.17/2003 continues to regulate the budget classification but the detailed classification has been updated. The budget is appropriated based on organizational units, function, sub-function, program, activity and economic classification. The chart of accounts is consistently used for budget formulation, execution, accounting, and reporting in central government financial statements and can be used to track spending and revenues at the level of spending units. In 2010, Indonesia introduced a new program structure consistent with the implementation of PBB.

23. Under the Government Regulation PP No. 60/2008 read with Presidential Instructions Inpres No. 4/2010, four types of institutions share the responsibility for conducting the government's internal audit function, namely, the Financial and Development Supervisory Board (Badan Pengawasan Keuangandan Pembangunan, BPKP), Inspectorates General (IG), provincial inspectorates and district/city inspectorates. Each of these is assigned different roles. BPKP performs supervision over the state accountability, which consists of: (i) cross sectoral activities; (ii) state treasury activities based on requests from the Minister of Finance as the state treasurer; and (iii) other activities based on the President's request. The IG performs supervision over the ministries, departments and agencies' function and roles which are funded by the State Budget of Central Government (Anggaran Pendapatan Belanja Negara, APBN). The provincial inspectorate performs supervision over all activities of the regional spending units' functions and roles which are funded by the provincial Budget of Sub-National Government (Anggaran Pendapatan Belanja Daerah, APBD). District/city inspectorates perform supervision over all activities of the regional spending units' functions and roles which are funded by the district/city APBD.

24. Most major fiscal documents are available to the public. With the implementation of Presidential Decree No. 80/2003, contract awards above a threshold of Rp 50 million are publicly available on the agency websites of major ministries, departments, agencies. Some of the documents available to the public are: annual budget documentation (available on DG Budget website after submission to the parliament), in-year execution report (published on DG Treasury website after submission to DPR (house of representatives) and within four weeks of

period-end), year-end financial states 6 months after end of fiscal year (available on DG treasury website), and external audit reports (available on BPK website after submission of audit report to DPR).

25. In 2014, the Indonesian President merged the country's ministries of forestry and environment into a single entity. MOEF is responsible for managing and conserving the nation's forest. The FMA focused on the current financial system of the EA and IAs.

## **B. Strengths and Weaknesses**

26. The main strength of the existing financial management system of the EA and IAs are: computerized financial management information system that has adequate chart of accounts which can properly record the project's financial transactions and allocation of expenditures in accordance with project components; segregation of functional responsibilities; qualified and experienced staff at the central and provincial levels; and experience in implementing externally-financed projects. The regular in-house training support provided by MoEF related to budget (DaftarIsian Pelaksanaan Anggaranhas) contributed to the development of the accounting personnel.

27. The major weaknesses are:

- i. With the recent merger of the ministries of forestry and environment, key positions for the project are yet to be determined;
- ii. Lack of experience at the district and field levels;
- iii. Lack of experience in ADB procedures for procurement, recruitment and financial management;
- iv. Lack of experience in full accrual method of accounting;
- v. Timely submission of reports including auditor's report and audited financial statements;
- vi. Limited scope of internal audit i.e. focuses on transaction verification and compliance;
- vii. Delayed recruitment of project implementation consultants which would delay start-up of the project.

## **C. Personnel, Accounting Policies and Procedures, Internal Control, Internal and External Audit**

28. **Executing Agency and Implementing Agencies.** The Directorate General of Social Forestry and Environmental Partnerships (PSKL) of the MOEF will be the EA and will be responsible for the overall coordination and implementation of the project, including: disbursements, maintenance of all records, submission of withdrawal applications to ADB through MOF, submission of progress reports and audit reports to ADB, and communicating with ADB on behalf of the government (Figure 1).

29. There will be three IAs, namely the:

- a. Directorate of Business Development for Social Forestry and Customary Forestry (BUPSHA) which will be responsible for the implementation of community-based investments through partnership between the Forest Management Unit (KPH) and community; and investment on non-land based sector, such as crafts, non-timber forest products (NTFP), etc.;

- b. Directorate of Environmental Services Utilization of Conservation Forest (PJLHK) which will be responsible for implementation of activities in the areas of Danau Sentarum National Park and Betung Kerihun National Park; and
- c. Directorate of Production Forest Management (KPHP) which will be responsible for implementation of project activities in Forest Management Units (FMU) Sintang and FMUKaupas Hulu (specially activities not directly involved in social forestry).

30. Five provincial UPTs (Technical Implementing Unit) namely the: BPSKL: Social Forestry and Environmental Partnership office, BP2HP: Production Forest Utilization Control Office, Forest Area Gazettement Office, Betung Kerihun National Park Office, and Danau Sentarum National Park Office will be responsible for the day-to-day implementation of project activities in coordination with the support units. It will also be responsible in providing technical advice; report to related directorates at the national level and participate in the technical committee. The FMU will implement activities in the field for Output 1 in coordination with the support units.

31. Project Implementation Support Unit (PISU) will be, a group of consultants that will be responsible for the day-to-day implementation of the project at national, provincial and district levels, including the overseeing of the project safeguards, monitoring and reporting. PISU shall assist the EA and IAs to prepare detailed project work and financial plans; prepare and appraise the reports of the subprojects; develop implementation approaches, procedures, and guidelines for key project activities and for coordinating implementation by the concerned agencies at the national and regional level; develop selection criteria for NGOs and other service contractors; design and develop the project management information system, including the monitoring plan for project progress; support in the preparation of documents to procure goods and services; monitor project progress and the performance of various service consultants; prepare regular progress reports for submission to MoEF and ADB; and assist ADB review missions.

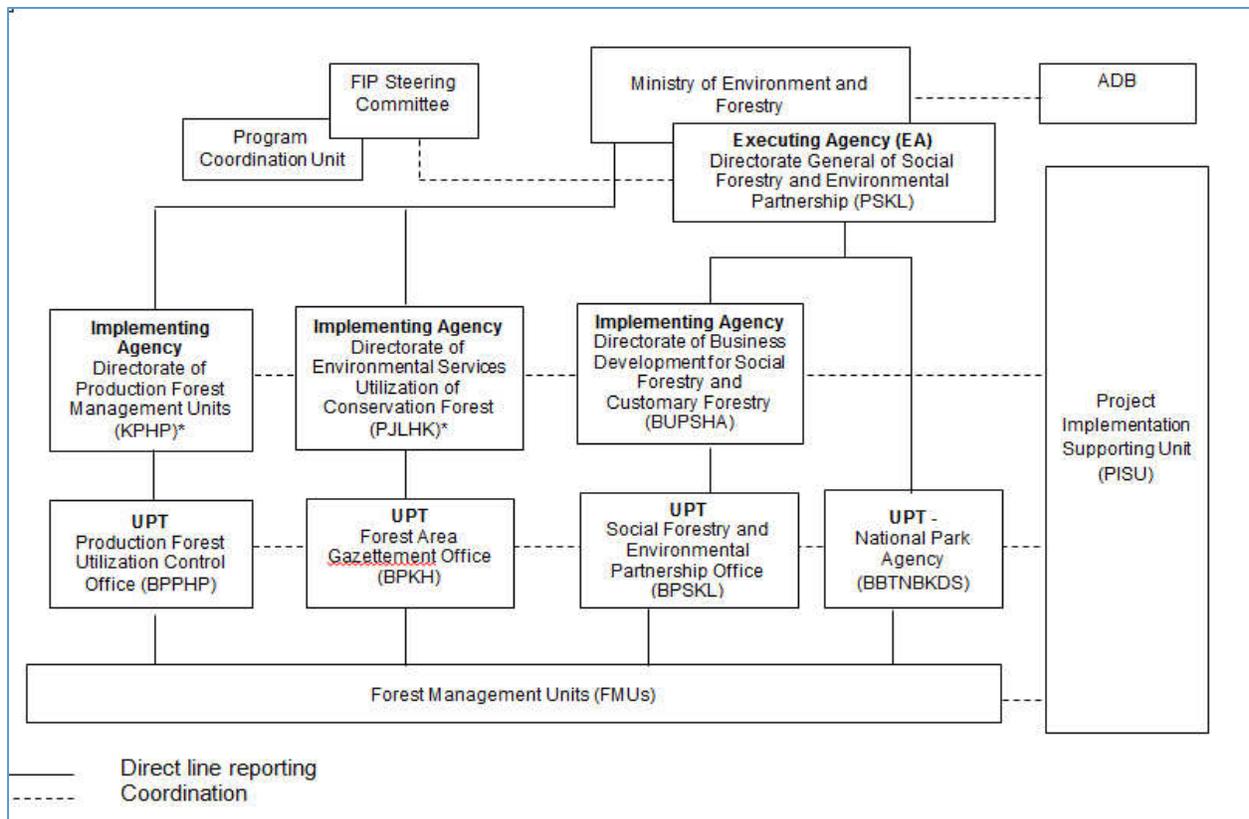


Figure 1. Institutional arrangements

32. **Personnel.** MOEF will recruit the project implementation consultants which will form the PISU at the national and field levels. The Financial and Administration Specialist will provide support to the EA and IAs. The monitoring and evaluation (M&E) Specialists will carry out project M&E at the national, provincial and field levels, collect data, develop baseline monitoring framework, and develop a database system which will capture and record data. The finance and accounts department of the EA and IAs are adequately staffed with qualified and experienced personnel. The organizational structure of the finance and accounts departments is in Appendix 2. The KPA (*Kuasa Pengguna Anggaran*, budget owner) is responsible for providing supervision in the implementation of activities and withdrawals, establishment of implementation plan and disbursement plan, and overseeing the administration of documents and transactions related to implementation of activities and budget. The PPK (*Pejabat Pembuat Komitmen*, commitment officer) is responsible for the procurement and payment of goods and services procured. The BP (*Bendahara Pengeluaran*, expenditure treasurer) is responsible in managing the accounts, submission of accounting reports to the KPPN and recording of fund flows. The PBP (*Pembantu Bendahara Pengeluaran*, expenditure treasurer staff) is responsible in preparing notes for the financial statements and provides assistance to accounting responsibilities. Frequency of transfer of personnel depends on their tasks and performance. Although the EA and IAs have implemented externally financed projects in the past, they are not familiar with ADB's procedures on recruitment, procurement, and financial management and would require training.

33. **Accounting Policies and Procedures and Internal Control.** The EA and IAs will maintain separate project accounts and records by funding sources for all expenditures incurred for the project. The EA and IAs have an accounting system which is in accordance with the

Minister of Finance Decree 171/2007 as amended by Minister of Finance Regulation 271/PMK.05/ 2014 (the Government accounting system and financial reporting), that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds. Controls are in place concerning the preparation and approval of transactions, ensuring all transactions are correctly made and adequately explained. The chart of accounts is adequate to properly account for and report on project activities and disbursement categories. Cost allocations are made accurately and in accordance with established agreements. The general and subsidiary ledgers are reconciled monthly and in balance. All accounting and supporting documents are retained on a permanent basis in a defined system that allows authorized users easy access. Access is possible by authorized personnel and the documents are stored in a computerized database. The accounting policy and procedure manual is updated for the project activities following the Minister of Finance Regulation. Manuals are distributed to appropriate personnel.

34. The following functional responsibilities are performed by different units or persons: (i) authorization to execute a transaction, (ii) recording of the transaction, (iii) custody of assets involved in the transaction, (iv) functions for ordering, receiving, accounting for, and paying for goods and services are segregated appropriately, and (v) bank reconciliation is prepared by someone other than those who make or approve payments. Although accounting staff are qualified and experienced, they require training on ADB procedures on financial management and accounting.

35. Budgets are prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance. Budgets include physical and financial targets and are compared with actual expenditures with reasonable frequency and explanations are required for variations. Variations from the budget require prior approval. However, this seldom happens because it requires a government regulation (on-budget, on-treasury). Budgets are prepared by the planning official, approved by the EA and IAs, and submitted to MOF for final approval by the Parliament. Procedures are in place to plan project activities, collect information from the units in charge of different components and prepare the budgets. The project plans and budgets of project activities are realistic, based on valid assumptions, and developed by knowledgeable individuals (prepared by the consultants in consultation with EA, IAs and other units/departments involved in project implementation).

36. Invoice processing provide (i) copies of purchase orders and receiving reports obtained from issuing departments; (ii) comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods actually received; (iii) comparison of invoice quantities with those indicated on the receiving reports; (iv) checking the accuracy of calculations. All invoices are stamped paid, dated, reviewed and approved and clearly marked for account code assignment. Controls exist for preparation of the payroll and changes to the payroll are properly authorized.

37. Cash is the basis of accounting for small expenditures and accrual for projects, following MOF standards. MOF is the agency responsible in altering or establishing a new accounting principle, policy or procedure to be used by the EA and IAs. There are written policies and procedures covering all routing financial management and related administrative activities. Policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from fraud and corruption.

38. The names and positions of the authorized bank signatories will be determined by MOF. The organization maintains an adequate, up-to-date cashbook, recording receipts and payments. Controls exist for the collection, timely deposit and recording of receipts at collection location. Bank and cash balances are reconciled on a monthly basis. All unusual items in the bank reconciliation are reviewed and approved by a responsible official.

39. MOF provides a management and accounting information system for state-owned assets (SIMAK-BMN) for the use of the accounting unit. There is a system of adequate safeguards to protect assets from fraud, waste and abuse. Subsidiary records of fixed assets and stocks are kept up to date and reconciled with control accounts. There are periodic physical inventories of fixed assets and stocks. However, assets are not sufficiently covered by insurance policies.

40. **Internal Audit.** The Inspectorate General (IG) reports directly to the Minister of MoEF. IGs generally use Indonesian Audit Standards (SPKN). The IG performs supervision over the agencies' function and roles which are funded by the State Budget of Central Government (APBN). The provincial inspectorate performs supervision over all activities of the regional spending units' functions and roles which are funded by the provincial Budget of Sub-national Governments (APBD). District/city inspectorates perform supervision over all activities of the regional spending units' functions and roles which are funded by the district/city APBD. The internal audits conducted by IG were mainly for the purpose of verifying transaction accuracy and compliance. The IG also reviews the agencies' annual financial statements to ensure their reliability and integrity. Review of the internal control is not carried out. IG will include in the project in their work program.

41. **External Audit.** The EA will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices. The PISU will maintain accounting records to identify the goods and services financed from the Grant proceeds, and expenditures incurred for the Project. The accounts will be established and maintained as per accepted accounting standards. The MOF will engage the *Badan Pengawas Keuangan* (BPK), the Indonesian Supreme Audit Institution (SAI), to audit the consolidated project financial statements annually. BPK will allocate adequate budget to properly audit the project. The draft terms of reference (TOR) of BPK (Appendix 3) will be discussed between ADB and BPK. The project will follow the finalized TOR of BPK, once these are approved.

42. BPK will prepare the annual audit report for the project accounts, which will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether the grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

43. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

44. The Government, EA and IAs have been made aware of ADB's policy on delayed submission and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>9</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the recipient), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

45. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)<sup>10</sup>. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

#### **D. Financial Reporting Systems, including use of Information Technology**

46. The agencies use the computerized government financial management information system for recording transactions and preparing the monthly, quarterly, and annual reports required by the Government. For the project, the EA will provide to ADB (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; and (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for the next 12 months; and (d) unaudited annual project financial statements. The progress reports will also include the physical progress and financial progress.

#### **E. Disbursement Arrangements, Fund Flow Mechanism**

47. **ADB Grant.** The grant proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time),<sup>11</sup> and detailed arrangements agreed upon between the Government and ADB. Project staff are encouraged to avail of ADB's online training on disbursement policies and procedures available at [https://wpqr4.adb.org/LotusQuickr/disbursement\\_elearning](https://wpqr4.adb.org/LotusQuickr/disbursement_elearning) to help ensure efficient disbursement and fiduciary control.

48. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),<sup>12</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in

<sup>9</sup> ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the grant may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the grant.

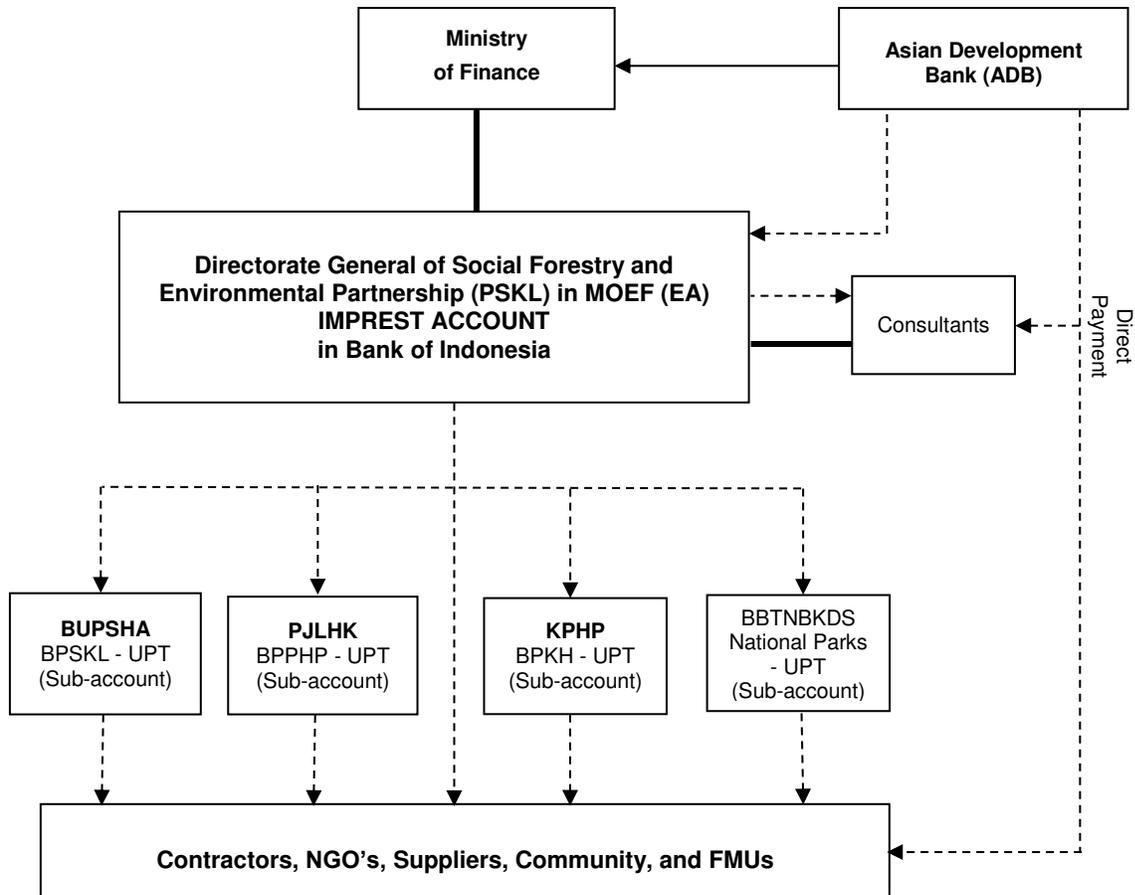
<sup>10</sup> Available from: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>11</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf).

<sup>12</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

49. The chart below presents the fund flow arrangement for the project.



Legend:   
 —————> Coordination and/or administration   
 - - - - -> Flow of funds (Grant proceeds)   
 —————> Grant agreement

**BBTNBKDS** = Betung Kerihun and Danau Sentarum National Park Agency / Balai Besar Taman Nasional Betung Kerihundan Danau Sentarum; **BPKH** = Forest Area Gazettement Agency / Balai Pemantapan Kawasan Hutan; **BPPHP** = Production Forest Utilization and Monitoring Agency / Balai Pemantauan Pemanfaatan Hutan Produksi; **BPSKL** = Social Forestry and Environmental Partnership Agency / Balai Perhutanan Sosial dan Kemitraan Lingkungan; **BUPSHA** = Bina Usaha Perhutanan Sosial dan Hutan Adat; **FMU** = forest management unit; **KPHP** = Directorate of Production Forest Management Unit / Direktorat Kesatuan Pengelolaan Hutan Produksi; **NGO** = non-government organization; **PHLK** = Environmental Services Management of Conservation Forest / Pemanfaatan Jasa Lingkungan Hutan Konservasi; **UPT** = technical implementation unit.   
 Sources: ADB and GOI.

50. **Imprest Account.** Immediately after the grant is declared effective, the government will open an imprest account in US Dollars, in the name of MOEF at the Bank Indonesia, the central bank. The government who established the imprest account in its name shall be accountable and responsible for the proper use of advances to the imprest account. ADB will channel the

grant fund to the imprest account which is to be used exclusively for ADB's share of eligible expenditures.

51. The imprest account will be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time). The total outstanding advance to the imprest account, in any event, should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming six (6) months. The government may request for initial<sup>13</sup> and additional advances<sup>14</sup> to the imprest account based on its estimate of ADB's share of eligible project expenditures for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the recipient<sup>15</sup> in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time) when liquidating or replenishing the imprest account.

52. Prior to the submission of the first withdrawal application (WA), the recipient should submit to ADB sufficient evidence of the authority of the person(s) who will sign the WAs on behalf of the recipient, together with the authenticated specimen signature of each authorized person. The original of the WA signed by authorized representatives is submitted to ADB through MOF. The minimum value per WA is US\$100,000 equivalent. Individual payments below this amount should be paid (i) by the recipient and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure, unless otherwise accepted by ADB.

53. The PISU will be responsible in collecting supporting documents for project expenditures they have incurred. The PISU will be responsible in consolidating information and documents related to the use of the imprest account and prepare WAs for replenishment and liquidation of advances under the imprest account. WAs and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing. The PISU will also be responsible for preparing the annual contract awards and disbursement projections, and requesting budgetary allocations for counterpart funds.

54. **Statement of Expenditures (SOE).** To facilitate efficient disbursement operations, the SOE procedure<sup>16</sup> may be used for reimbursement of eligible expenditures, and replenishment and liquidation of advances to the imprest account. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis and for independent audit.

55. Forms for withdrawal of grant proceeds, replenishment, and liquidation of imprest account, SOE, and estimate of expenditure sheet can be downloaded from the ADB website.<sup>17</sup> The EA will be responsible for ensuring that SOEs are operated in accordance with ADB's requirement.

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<sup>13</sup> The initial advance request should include submission of evidence satisfactory to ADB that the imprest account has been duly opened.

<sup>14</sup> Both initial and additional advances are to be accompanied by an Estimate of Expenditure Sheet (form may be found in <https://lfis.adb.org/gfis/download.jsp>).

<sup>15</sup> ADB reserves the right to request submission of such documents, if deemed necessary.

<sup>16</sup> The SOE procedure is a simplified documentation procedure requiring no submission of supporting documentation of expenditures (such as invoices, bills, and receipts).

<sup>17</sup> Available at: <https://lfis.adb.org/gfis/download.jsp>.

## V. RISK DESCRIPTION AND RATING

56. The assessment for inherent risks focuses on the risks posed by the overall environment in which the EA and IAs operate, before considering the impact of the EA and IAs' financial management system and control, such as country rules and regulations and entity working environment (assuming absence of any counter checks or internal controls). Table 4 presents the Inherent Risks.

**Table 4: Summary of Inherent Risks**

Risk	Risk Assessment	Risk-Mitigation Measures
1. Country-specific risks <ul style="list-style-type: none"> <li>• Implementation of the PFM reform program such as the move to full accrual method of accounting</li> <li>• Inadequate capacity, weak coordination between audit institutions and lack of uniform auditing-planning framework BPK</li> <li>• Budget planning and execution remains to be challenge</li> </ul>	Negligible or low	<ul style="list-style-type: none"> <li>• The Government has issued the regulation and prepared the accounting standards for accrual accounting</li> <li>• Resources available to BPK have been increased significantly. BPK has prepared a new strategic plan and a detailed implementation plan to support its execution</li> <li>• Government has developed a unified budget and a Treasury Single Account</li> </ul>
2. Entity-specific risks <ul style="list-style-type: none"> <li>• With the recent merger of the ministries of forestry and environment, there is unclear delineation of tasks which would provide clear accountability for the project and key positions are yet to be determined</li> <li>• Differences in standards and classification system between sub-national government and central government may result in difficult production of consolidated reports</li> </ul>	Moderate	<ul style="list-style-type: none"> <li>• Update the organizational structure of the EA, and IAs and other implementing units and TORs</li> <li>• Accounting standards and classification systems for sub-national government are being adapted to meet national standards</li> </ul>
3. Project-specific risks <ul style="list-style-type: none"> <li>• Viability and sustainability of livelihood investments to be funded by the project</li> </ul>	Low	<ul style="list-style-type: none"> <li>• A detailed feasibility study was done for main economic activities and the project should ensure sense of belonging of the end users to take care of the O&amp;M.</li> </ul>
<b>Overall Inherent Risk</b>	<b>Moderate</b>	

57. The assessment control risks focuses on risks arising from the failure of the specific project's financial management and internal control arrangement to ensure that the project funds will be used economically and efficiently for the intended purpose. Table 5 presents the control risks for this project.

**Table 5: Summary of Control Risks**

<b>Risk</b>	<b>Risk Assessment</b>	<b>Risk-Mitigation Measures</b>
1. Implementing entity <ul style="list-style-type: none"> <li>• Limited experience in implementing ADB funded projects and weak capacity in the district level</li> </ul>	Moderate	<ul style="list-style-type: none"> <li>• Adequate capacity building will be provided to EA and IAs in the national, provincial, district and field level</li> </ul>
2. Funds flow <ul style="list-style-type: none"> <li>• Potential delay in(i) disbursements due to deviation from budgets which will require budget revision and its approval;and (ii) contract awards and replenishment of funds due to lack of experience with ADB procedures.</li> </ul>	Moderate	<ul style="list-style-type: none"> <li>• Provide adequate support through a financial management specialist and a procurement specialist; and clear allocation of financial/accounting support from experienced senior staff and support from ADB IRM in capacity building related to ADB procedures</li> </ul>
3. Staffing <ul style="list-style-type: none"> <li>• Capacity constraints in the district and FMU level</li> </ul>	Negligible or low	<ul style="list-style-type: none"> <li>• Adequate capacity building support to the district and FMU level will be provided</li> </ul>
4. Accounting policies and procedures <ul style="list-style-type: none"> <li>• EA and IAs have experience and procedures in place to fully comply with acknowledged adequate government accounting policies and procedures and safeguards; however, there is limited experience in relation to ADB specific procedures.</li> <li>• Government's move to full accrual method of accounting may delay preparation of unaudited financial statements</li> </ul>	Negligible or low	<ul style="list-style-type: none"> <li>• Early establishment of the support units; clear allocation of financial/accounting support from experienced senior staff and support from ADB IRM in capacity building related to ADB procedures</li> <li>• Coordinate training to be provided to accounting staff with MOF</li> </ul>
5. Internal audit <ul style="list-style-type: none"> <li>• Internal audit conducted mostly consisted verification of transaction accuracy and compliance.</li> </ul>	Negligible or low	<ul style="list-style-type: none"> <li>• Coordinate with IG and BPK on the scope of internal audit to be undertaken for the project</li> </ul>
6. External audit <ul style="list-style-type: none"> <li>• Inadequate capacity which may lead to incomplete and late submission of audited project financial statements</li> </ul>	Moderate	<ul style="list-style-type: none"> <li>• Coordinate with BPK how to further improve the quality of APFS and update the TOR for auditors and explore potential participation of private sector auditors to further improve the quality of the APFS.</li> </ul>
7. Reporting and monitoring <ul style="list-style-type: none"> <li>• Incomplete and late submission of quarterly progress reports and lack of PAM based financial figures in the reports</li> <li>• Inconsistent reports on physical and financial performance of the project</li> </ul>	Negligible or low	<ul style="list-style-type: none"> <li>• ADB Staff and consultants will train EA and IAs on accounts recording, preparation of financial reports; formulate project accounting procedures to guide staff; and preparation of progress reports</li> <li>• Provide support with a competent financial management specialist to help EA in the preparation of the unaudited project financial statements in</li> </ul>

Risk	Risk Assessment	Risk-Mitigation Measures
		accordance with the standard cost tables in the PAM and timely submission of the reports.
8. Information systems <ul style="list-style-type: none"> <li>• There is a computerized financial management system but with staff transfer and turnover, there is a potential lack of capacity to use the system</li> </ul>	Negligible or low	<ul style="list-style-type: none"> <li>• Training on the financial management system to be coordinated with MOF and support of a competent financial management specialist will be provided</li> </ul>
<b>Overall Control Risk</b>	<b>Low</b>	

ADB = Asian Development Bank, ADB IRM = Asian Development Bank Indonesia Resident Mission, APFs = Audited Project Financial Statements, BPK = Badan Pemeriksa Keuangan, EA = executing agency, FMU = forest management unit, IAs=implementing agencies, IG = Inspectorate General, MOF = Ministry of Finance, O&M = operation and maintenance, TOR = terms of reference.

Sources: The Government and Asian Development Bank.

## VI. PROPOSED ACTION PLAN

58. The following are proposed actions to manage the risks to the project from a PFM perspective:

- i. Recruitment and procurement procedures allowed under advance action.
- ii. Update the organizational structure and the TOR for each staff as it relates to the project;
- iii. Update and monitor fund flow arrangements and interlink with the government regular budget, and prepare the first withdrawal application for the imprest account advance;
- iv. Develop detailed work plans including activities with measurable targets;
- v. Strengthen the internal audit function;
- vi. Provide regular training on ADB guidelines, including procurement, financial management, and disbursement procedures
- vii. Train accounting staff in the preparation of the unaudited APFs and the underlying working papers;
- viii. Quarterly and annual progress reports on project implementation and operation prepared;
- ix. Annual project financial statements and underlying working papers prepared on a timely basis in preparation for the annual financial statement audit;
- x. Regular coordination between stakeholders;
- xi. Compliance with grant covenants monitored and reported;
- xii. Regular back-ups of all accounting systems and appropriate security measures over backed-up data to be put in place

59. The project will allocate adequate budget to provide appropriate training and capacity building to the project entities, specially the accounting staff. This will help establish robust financial management arrangements, including for record-keeping, internal controls, payables, receivables, budgeting, accounting, project management and bank account management and the preparation of grant withdrawal applications and statement of expenditures. This will also help in the timely year-end process for the preparation and audit of annual project financial statements.

## VII. SUGGESTED FINANCIAL MANAGEMENT COVENANTS

60. Governance and Anticorruption. The Government will ensure that (i) the Project is carried out in compliance with all applicable Indonesian law and regulations on anticorruption, and ADB's Anticorruption Policy (1998, as amended to date); (ii) all project staff will participate in the training in ADB's Anticorruption Policy and Indonesian anticorruption regulations; and (iii) a website is established and maintained to disclose project information including procurement contracts, bidding procedures, and grievance redress procedures.

61. Right to Audit. The Government will ensure that contracts financed from the project will include provisions specifying the right of ADB to audit and examine the records and accounts of the EA and all project contractors, suppliers, consultants and other service providers as they relate to the project.

## VIII. CONCLUSION

62. The assessments indicate that as a whole, the prevailing government financial, accounting, and auditing rules and systems meet the generally acceptable international accounting and auditing standards. The Government has adequate internal control systems and financial reporting arrangements. Although the EA and two IAs have not worked with ADB in the past, all have implemented externally financed projects. The assessment concludes that the overall project financial management risk is moderate. The key risks, activities to be undertaken at project start-up to mitigate risks, and responsibilities to address these risks are summarized in the table below.

Key Risks	Mitigation Activities	Responsibility
Country level weaknesses identified by the repeat PEFA Report such as the PFM program on accrual-based accounting which may impact the preparation of financial management reports.	Strengthening of EA and IAs capacity in preparing the financial management report will be provided through the project management consultant and ADB resident mission specialist in coordination with MOF.	EA, and IA together with ADB resident mission specialist.
With the recent merger of the Ministry of Environment and Ministry of Forestry, there is unclear delineation of tasks which would provide clear accountability for the project and key positions are yet to be identified	Update the organizational structure of the EA, IAs, and other implementing units and TOR with clear delineation of tasks for the project.	EA, IA, together with ADB project officer.
Inadequate capacity, weak coordination between audit institutions and lack of uniform auditing-planning framework	Discuss with BPK and finalize the TOR for the external audit; discuss and agree with BPKP and IG the scope of the internal audit; incoordination with BPK and IG, work closely with EA/IAs to improve the internal control system specific for the project and engage financial management consultants and provide guidance to improve project staff capacity	EA, IA, together with ADB project officer
Lack of experience in ADB procedures on financial management, disbursement, and procurement.	Strengthening of EA and IAs capacity on financial management and reporting will be provided through the project management consultant and ADB resident mission specialist.	EA, IA, together with ADB project officer

## Appendix 1: CONSOLIDATED FMA QUESTIONNAIRE

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
<b>1. Executing- and Implementing Agencies (EA and IAs)</b>	Secretary General of Social Forestry and Environmental Partnership, Ministry of Environment and Forestry (Sekretaris Jenderal Perhutanan Sosial dan Kemitraan Lingkungan), Ministry of Environment and Forestry (MOEF)	Directorate of Business Development for Social Forestry (Direktorat Bina Usaha Perhutanan Sosial dan Hutan Adat), MoEF	Directorate of Environmental Services Management of Conservation Forest (Direktorat Pengelolaan Jasa Lingkungan Hutan Konservasi), MOEF	Directorate of Sustainable Production Forest Management (Direktorat Kesatuan Pengelolaan Hutan Produksi), MOEF
1.1 What is the entity's legal status / registration?	Government body part of Ministry of Environment and Forestry	Directorate under MOEF	Directorate under MOEF under	Directorate under MOEF
1.2 Has the entity implemented an externally-financed project in the past (if so, please provide details)?	In terms of entity, this is a newly established Secretary General. Therefore, as an entity, PSKL has not implemented externally-financed project in the past. However, staff in this entity have previously implemented externally-financed projects with ITTO, World Bank, KIPCCF, Komatsu and AusAid.	Yes, from Indonesia Climate Change Trust Fund (ICCTF) for the project "Sustainable Management of Community-Based Wood Pellets Production as Biomass Energy to Support Low Carbon Economy and Climate Change Mitigation in Bangkalan, Madura".  Entity has not implemented ADB financed projects in the past.	Yes, the entity implemented externally financed project (ADB projects related to biodiversity and sustainable forest management)	The project has not implemented ADB financed project in the past.
1.3 What are the statutory reporting requirements for the entity?	Monthly, quarterly and annual reporting	Official requirements of the Government of Indonesia, such as monthly reporting, quarterly report, annual report	Official requirements of the Government of Indonesia, such as monthly reporting, quarterly report, and annual report	Official requirements of the Government of Indonesia, such as monthly reporting, quarterly report, annual report
1.4 Is the governing body for the project independent?	The governing body for the project is MoEF.	No.	No.	No.
1.5 Is the organizational structure appropriate for the needs of the project?	Yes	Yes	Yes	Yes

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
<b>2. Funds Flow Arrangements</b>				
2.1 Describe (proposed) project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government and other financiers.	<p>There is KPPN as state office treasurer in the national level and KPPN in the regional level.</p> <p>There is a KPA who is the budget holder in the Ministry, who will ask KPPN to disburse the grant.</p>	<p>The grant will be transferred from the Ministry of Finance to KPPN and following the regular budgeting of government system (on budget-on treasury).</p> <p>There will be two budget holders, KPPN (<i>Kantor PelayananPerbendaharaan Negara, Treasury</i>) and KPA (<i>KuasaPemegangAnggaran, Supporting Unit of State Budget Owner</i>). Implementing Agencies requests the fund through KPA. Once KPA approves the budget request, KPA will request KPPN to disburse the fund.</p>	<p>The grant will be transferred from the Ministry of Finance to KPPN and following the regular budgeting of government system (on budget-on treasury).</p> <p>There will be two budget holders, KPPN (<i>Kantor PelayananPerbendaharaan Negara, Treasury</i>) and KPA (<i>KuasaPemegangAnggaran, Supporting Unit of State Budget Owner</i>). Implementing Agencies requests the fund through KPA. Once KPA approves the budget request, KPA will request KPPN to disburse the fund.</p>	<p>The grant will be transferred from the Ministry of Finance to KPPN and following the regular budgeting of government system (on budget-on treasury).</p> <p>There will be two budget holders, KPPN (<i>Kantor PelayananPerbendaharaan Negara, Treasury</i>) and KPA (<i>KuasaPemegangAnggaran, Supporting Unit of State Budget Owner</i>). Implementing Agencies requests the fund through KPA. Once KPA approves the budget request, KPA will request KPPN to disburse the fund.</p>
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity satisfactory?	The grant will be recorded in DIPA/budget implementation list. This will be transferred from the Ministry of Finance to KPPN and following the regular budgeting of government system (on budget-on treasury)	Yes	Yes	Yes
2.3 What have been the major problems in the past in receipt of funds by the entity?	In terms of funds, there have been no major problems in the past.	There was no major problem in the past in receipt of funds.	ADB project is considered too complicated and slow in responding to emails.	Never been involved in ADB projects
2.4 In which bank will the Imprest Account be opened?	In any national bank in Indonesia	Bank of Indonesia	National commercial banks in Indonesia (BNI, Mandiri, BRI, etc)	State commercial bank (BNI, BRI, Mandiri, etc)

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
2.5 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	No	No, have no experience in the management of disbursement from ADB.	Yes.	No, have no experience in the management of disbursement from ADB.
2.7 Does the entity have/need a capacity to manage foreign exchange risks?	Foreign exchange risk is not managed by MoEF.	Not relevant. The grant is using Rupiah. Foreign exchange risk is managed by the Ministry of Forestry.	Not relevant. The grant is using Rupiah. Foreign exchange risk managed by the Ministry of Forestry.	Not an issue. The grant is using Rupiah. Foreign exchange risk managed by the Ministry of Forestry.
2.8 How are the counterpart funds accessed?	Counterpart funds for this project are in-kind such as office building, electricity, etc.	The counterpart funds are in-kind, in the form of counterpart staff, travel, taxes and support for meetings.	The counterpart funds are in-kind, in the form of counterpart staff, travel, taxes, support for meetings and office.	The counterpart funds are in-kind, in the form of counterpart staff, travel, taxes, support for meetings, and office space.
2.9 How are payments made from the counterpart funds?	In-kind budget is allocated in yearly basis	Counterpart funds will be allocated in annual budget.	Counterpart funds will be allocated in annual budget.	Counterpart funds will be allocated in annual budget.
2.10 If part of the project is implemented by communities or NGOs, does the PIU have the necessary reporting and monitoring features built into its systems to track the use of project proceeds by such agencies?	There is no specific system to do monitoring of projects. However, the project manager should report the progress of the project to MoEF.	Yes, based on the previous project funded by ICCTF, the Project Supporting Unit have the reporting and monitoring features built into the system.	Yes, PIU has the reporting and monitoring features built into the system.	Yes
2.11 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labour), are proper guidelines formulated to record and value the labor contribution?	No	No	No	No
<b>3. Staffing</b>				
3.1 What is the (proposed) organizational structure of the accounting department? Attach an organization chart.	The organizational structure of accounting department is the same within the MoEF.	The organizational structure of the accounting department is attached in the report	The organizational structure of the accounting department is attached in the report	The organizational structure of the accounting department is attached in the report

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
<p>3.2 Identify the (proposed) accounts staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key accounting staff.</p>	<p>The accounting staff within the MoEF has general rules, which staff should have university degree in economics. Job description of accounting staff:  <u>BP (Bendahara Pengeluaran, Expenditure Treasurer)</u>, responsible to (i) manage accounts (ii) submit accountability reports to the head KPPN; (iii) record fund flows.  <u>PBP (Pembantu Bendahara Pengeluaran, Expenditure Treasurer Staff)</u>, responsible to prepare notes for financial statements and assist to computerize the accountancy.</p> <p>The above also applies to UPT (technical implementation unit)</p>	<p>The accounts staff should have a bachelor degree in Economic and at least 5 years of professional experience and familiar with government accounting standards. Responsibilities of accounting staffs among others:  <u>KPA</u>, responsible to (i) provide supervision and consultation in the implementation of activities and withdrawals; (ii) establish a plan of implementation and the planned withdrawal of funds; (iii) oversee the administration of documents and transactions related to the implementation of activities and budget.  <u>PPK (Pejabat Pembuat Komitmen, commitment officer)</u>, responsible for procurement and payment for procured goods or services.  <u>BP (Bendahara Pengeluaran, Expenditure Treasurer)</u>, responsible to (i) manage accounts (ii) submit accountability reports to the head KPPN; (iii) record fund flows.  <u>PBP (Pembantu Bendahara Pengeluaran, Expenditure Treasurer Staff)</u>, responsible to prepare notes for financial statements and assist to computerize the accountancy.</p>	<p>The accounts staff should have a bachelor degree in Economic and at least 5 years of professional experience and familiar with government accounting standards. Responsibilities of accounting staffs among others:  <u>KPA</u>, responsible to (i) provide supervision and consultation in the implementation of activities and withdrawals; (ii) establish a plan of implementation and the planned withdrawal of funds; (iii) oversee the administration of documents and transactions related to the implementation of activities and budget.  <u>PPK (Pejabat Pembuat Komitmen, commitment officer)</u>, responsible for procurement and payment for procured goods or services.  <u>BP (Bendahara Pengeluaran, Expenditure Treasurer)</u>, responsible to (i) manage accounts (ii) submit accountability reports to the head KPPN; (iii) record fund flows.  <u>PBP (Pembantu Bendahara Pengeluaran, Expenditure Treasurer Staff)</u>, responsible to prepare notes for financial statements and assist to computerize the accountancy.</p>	<p>The accounts staff should have a bachelor degree in Economic and at least 5 years of professional experience and familiar with government accounting standards. Responsibilities of accounting staffs among others:  <u>KPA</u>, responsible to (i) provide supervision and consultation in the implementation of activities and withdrawals; (ii) establish a plan of implementation and the planned withdrawal of funds; (iii) oversee the administration of documents and transactions related to the implementation of activities and budget.  <u>PPK (Pejabat Pembuat Komitmen, commitment officer)</u>, responsible for procurement and payment for procured goods or services.  <u>BP (Bendahara Pengeluaran, Expenditure Treasurer)</u>, responsible to (i) manage accounts (ii) submit accountability reports to the head KPPN; (iii) record fund flows.  <u>PBP (Pembantu Bendahara Pengeluaran, Expenditure Treasurer Staff)</u>, responsible to prepare notes for financial statements and assist to computerize the accountancy.</p>

<b>Topic</b>	<b>PSKL, MOEF</b>	<b>BUPSHA</b>	<b>PJLHK</b>	<b>KPHP</b>
3.3 Is the project finance and accounting function staffed adequately?	Yes	The project finance and accounting function is adequately staffed.	The project finance and accounting function is adequately staffed.	The project finance and accounting function is adequately staffed.
3.4 Is the finance and accounts staff adequately qualified and experienced?	Yes	The finance and accounting staff are qualified and experienced. There is a regular in-house training annually.	The finance and accounting staff are qualified and experienced. There is a regular in-house training annually.	The finance and accounting staff are qualified and experienced. There is a regular in-house training annually.
3.5 Is the project accounts and finance staff trained in ADB procedures?	Since this is a new Secretary General and staff are not familiar with ADB procedure, it would be necessary to train staff in ADB procedures.	Training for finance staff, accounting staff, and project staff is required especially for ADB procedures	No. It is necessary to have a training from ADB related to the preparation of technical report and financial report as per procedures from ADB.	Training for finance staff, accounting staff, and project staff is required especially for ADB procedures
3.6 What is the duration of the contract with the finance and accounts staff?	Accounting staff are permanent staff of MoEF	Permanent employee in the MoEF  Finance staff pension at the age of 55 years, while financial consultants are usually hired per year (for the budget) and multi-year (for loan/grant) according to the project period	Permanent employee in the MoEF  Finance staff pension at the age of 55 years, while financial consultants are usually hired per year (for the budget) and multi-year (for loan/grant) according to the project period	Permanent employee in the MoEF  Finance staff pension at the age of 55 years, while financial consultants are usually hired per year (for the budget) and multi-year (for loan/grant) according to the project period
3.7 Indicate key positions not contracted yet, and the estimated date of appointment.	Key positions for project implementation will be determined later.	To be determined	To be determined	To be determined
3.8 Does the project have written position/job descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Yes	Yes	Yes	Yes
3.9 At what frequency are personnel transferred?	Frequency of transfer is not clearly defined. Transfer depends on the tasks.	Depends on the tasks and performance.	Depends on the tasks and performance.	Depends on the tasks and performance.

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
3.10 What is training policy for the finance and accounting staff?	Training policy follows the MOF regulations. However, there is an in-house training annually. In addition, training is undertaken when there is a new regulation from MOF	There is a regular in-house training annually related to Budget Implementation List ( <i>DaftarIsianPelaksanaanAnggaran</i> , DIPA), updated regulations from the Ministry of Finance, etc.	There is a regular in-house training annually related to Budget Implementation List ( <i>DaftarIsianPelaksanaanAnggaran</i> , DIPA), updated regulations from the Ministry of Finance, etc.	There is a regular in-house training annually related to Budget Implementation List ( <i>DaftarIsianPelaksanaanAnggaran</i> , DIPA), updated regulations from the Ministry of Finance, etc.
<b>4. Accounting Policies and Procedures</b>				
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds? Will the project use the entity accounting system?	Yes. There is an accounting system called SIMAK, SAI (internal accounting system), etc.	Yes, there is accounting system, in accordance with Minister of Finance Decree171/2007as amended by Minister of Finance Regulation 271/PMK.05/2014(the Governmentaccounting systemandfinancial reporting Grant).	Yes, there is accounting system, in accordance with Minister of Finance Decree171/2007as amended by Minister of Finance Regulation 271/PMK.05/2014(the Governmentaccounting systemandfinancial reporting Grant).	Yes, there is accounting system, in accordance with Minister of Finance Decree171/2007as amended by Minister of Finance Regulation 271/PMK.05/2014(the Government accounting system and financial reporting Grant).
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes and KPA has the responsibility for transaction approval.	Yes	Yes	Yes
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories?	Yes	Yes	Yes	Yes
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	Yes	Yes	Yes
4.5 Are the General Ledger and subsidiary ledgers reconciled and in balance?	Yes in coordination with project manager and treasurer of MoEF with consent from KPA	Yes	Yes	Yes

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
4.6 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	Yes	Yes. All accounting and supporting documents are available and stored in computerized database.	Yes. All accounting and supporting documents are available and stored in computerized database.	Yes. All accounting and supporting documents are available and stored in computerized database.
<b>Segregation of Duties</b>				
4.7 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; and (iii) custody of assets involved in the transaction?	KPA: execution of transaction BP/Treasurer: recording of transaction BMN (state property) Officer: custody of assets	Yes. Executing transaction is the responsibility of KPA; record the transaction is the responsibility of BP; and custody of asset involved in the transaction is the responsibility of General Bureau.  To be confirmed for the General Bureau	Yes. Executing transaction is the responsibility of KPA; record the transaction is the responsibility of BP; and custody of asset involved in the transaction is the responsibility of General Bureau.  To be confirmed for the General Bureau	Yes. Executing transaction is the responsibility of KPA; record the transaction is the responsibility of BP; and custody of asset involved in the transaction is the responsibility of General Bureau
4.8 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes. BP is responsible for accounting and paying goods and services	Yes. BP responsible for paying goods and service less than \$5,000 and KPPN responsible for paying goods and service more than \$20,000	Yes. BP responsible for paying goods and service less than \$5,000 and KPPN responsible for paying goods and service more than \$20,000	Yes. BP responsible for paying goods and service less than \$5,000 and KPPN responsible for paying goods and service more than \$20,000
4.9 Are bank reconciliations prepared by someone other than those who make or approve payments?	Bank reconciliation is prepared once a month by BP. Approval is KPA.	Bank reconciliations prepared by BP. Approval is KPA.	Bank reconciliations prepared by BP. Approval is KPA.	Bank reconciliations prepared by BP. Approval is KPA.
<b>Budgeting System</b>				
4.10 Do budgets include physical and financial targets?	Yes and as stated in the Ministry budget	Yes	Yes	Yes
4.11 Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	MOEF will monitor performance of budget and prepare it for audit by BPK/Inspectorate General	Yes and IA will monitor project performance	Yes and IA will monitor project performance.	Yes and IA will monitor project performance.

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
4.12 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes on a monthly basis. If budget variation is needed, KPA will revise the budget. For revisions on across-budget unit, KPA will ask for the revision to MOF in the Budget Directorate.	Yes	Yes	Yes
4.13 Are approvals for variations from the budget required in advance or after the fact?	Approval from MOF (Budget Directorate) is required if revision is for across-budget unit.	Approval of variations required in advance. However, this rarely happens since it requires government regulation.	Approval of variations required in advance. However, this rarely happens since it requires government regulation.	Approval of variations required in advance. However, this rarely happens since it requires government regulation.
4.14 Who is responsible for preparation and approval of budgets?	KPA of the Secretary Directorate is responsible in preparing budget work plan for the Ministry (RKAKL) and MOF (Budget Directorate) approves the budget.	KPA in each Secretary of Directorate of the IA	KPA in each Secretary of Directorate of the IA	KPA in each Secretary of Directorate of the IA
4.15 Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	Yes	Yes	Yes	Yes
4.16 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes and it has been discussed with the Directorates.	Yes, there were a number of meetings with a small team to develop the project plan and budget (assisted by PPTA consultants)	Yes, there were a number of meetings with a small team to develop the project plan and budget (assisted by PPTA consultants)	Yes, there were a number of meetings with a small team to develop the project plan and budget (assisted by PPTA consultants)
<b>Payments</b>				
4.17 Do invoice-processing procedures provide for: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with	Yes and BP will check the accuracy of purchase/invoice calculations	Yes	Yes	Yes

<b>Topic</b>	<b>PSKL, MOEF</b>	<b>BUPSHA</b>	<b>PJLHK</b>	<b>KPHP</b>
records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations?				
4.18 Are all invoices stamped PAID, dated, reviewed and approved, and clearly marked for account code assignment?	Yes and BP is responsible for paying invoices	Yes	Yes	Yes
4.19 Do controls exist for the preparation of the payroll and are changes to the payroll properly authorized?	Yes and BP is responsible for payroll	Yes	Yes	Yes
<b><i>Policies And Procedures</i></b>				
4.20 What is the basis of accounting (e.g., cash, accrual)?	Accounting is cash basis for small expenditures (ex. Photocopy, stationery, etc) and accrual basis for projects	Cash	Cash	Cash
4.21 What accounting standards are followed?	Follows MOF standard	Followed the Ministry of Finance standards	Followed the Ministry of Finance standards	Followed the Ministry of Finance standards
4.22 Does the project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes, procedure/policies to ensure staff accountability follows the MOF regulation	Yes	Yes	Yes
4.23 Is the accounting policy and procedure manual updated for the project activities?	No. The project procedure should follow the MoEF/MOF accounting policy.	Yes	Yes	Yes
4.24 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the entity?	The entity/authorized person who can alter/establish new accounting principle is MOF.	Yes, the software is available as provided by the Ministry of Finance	Yes, the software is available as provided by the Ministry of Finance	Yes, the software is available as provided by the Ministry of Finance

<b>Topic</b>	<b>PSKL, MOEF</b>	<b>BUPSHA</b>	<b>PJLHK</b>	<b>KPHP</b>
4.25 Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes and it is based on regulation from MOF	Yes	Yes	Yes
4.26 Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?	No, however, policies and procedures are made to prevent conflict of interest and related party transaction	Policies and procedures are in line with Government regulation to prevent conflict of interest.	Policies and procedures are in line with Government regulation to prevent conflict of interest.	Policies and procedures are in line with Government regulation to prevent conflict of interest.
4.27 Are manuals distributed to appropriate personnel?	Yes	Yes	Yes	Yes
<b>Cash and Bank</b>				
4.28 Indicate names and positions of authorized signatories in the bank accounts.	Authorized signatories in the bank is the KPA position. Bank should be government's bank (BRI, BNI, etc.) However, due to the change in position and names in MoEF, the name to be assigned for the project is to be determined later	KPA should be the positions of authorized signatories in the bank. Bank should be government's bank (BRI, BNI, etc). However due to the changing position and name in the MoEF office, the name to be determined later	KPA should be the positions of authorized signatories in the bank. Bank should be government's bank (BRI, BNI, etc). However due to the changing position and name in the MOEF office, the name to be determined later	KPA should be the positions of authorized signatories in the bank. Bank should be government's bank (BRI, BNI, etc). However due to the changing position and name in the MoEF office, the name to be determined later
4.29 Does the organization maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes	Yes	Yes	Yes
4.30 Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	Yes. The BP will be controlled by the KPA	Yes. The BP will be controlled by KPA.	Yes. The BP will be controlled by KPA.	Yes. The BP will be controlled by KPA.
4.31 Are bank and cash reconciled on a monthly basis?	Yes	Yes	Yes	Yes
4.32 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	Yes	Yes	Yes

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
4.33 Are all receipts deposited on a timely basis?	Yes	Yes	Yes	Yes
<b>Safeguard over Assets</b>				
4.34 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes, the Ministry of Finance provides a Management and Accounting Information System for State-Owned Assets (SIMAK-BMN) for use by the accounting unit. The management of state-owned assets is regulated by Government Regulation 6/2006.	Yes, the Ministry of Finance provides a Management and Accounting Information System for State-Owned Assets (SIMAK-BMN) for use by the accounting unit. The management of state-owned assets is regulated by Government Regulation 6/2006.	Yes, the Ministry of Finance provides a Management and Accounting Information System for State-Owned Assets (SIMAK-BMN) for use by the accounting unit. The management of state-owned assets is regulated by Government Regulation 6/2006.	Yes, the Ministry of Finance provides a Management and Accounting Information System for State-Owned Assets (SIMAK-BMN) for use by the accounting unit. The management of state-owned assets is regulated by Government Regulation 6/2006.
4.35 Are subsidiary records of fixed assets and stocks kept up to date and reconciled with control accounts?	Yes.	Yes	Yes	Yes
4.36 Are there periodic physical inventories of fixed assets and stocks?	Yes.	Yes	Yes	Yes
4.37 Are assets sufficiently covered by insurance policies?	No	No	No	No
4.38 Are there any other regional offices or executing entities participating in implementation?	Yes, regional offices is UPT (Unit Pelaksana Teknis, Technical Implementing Unit)	Yes, regional offices is UPT (Unit Pelaksana Teknis, Technical Implementing Unit)	Yes, regional offices is UPT (Unit Pelaksana Teknis, Technical Implementing Unit)	Yes, regional offices is UPT (Unit Pelaksana Teknis, Technical Implementing Unit)
4.39 Has the project established controls and procedures for flow of funds, financial information, accountability, and audits in relation to the other offices or entities?	Yes	Yes	Yes	Yes
4.40 Does information among the different offices/implementing agencies flow in an accurate and timely fashion?	Yes	Yes	Yes	Yes

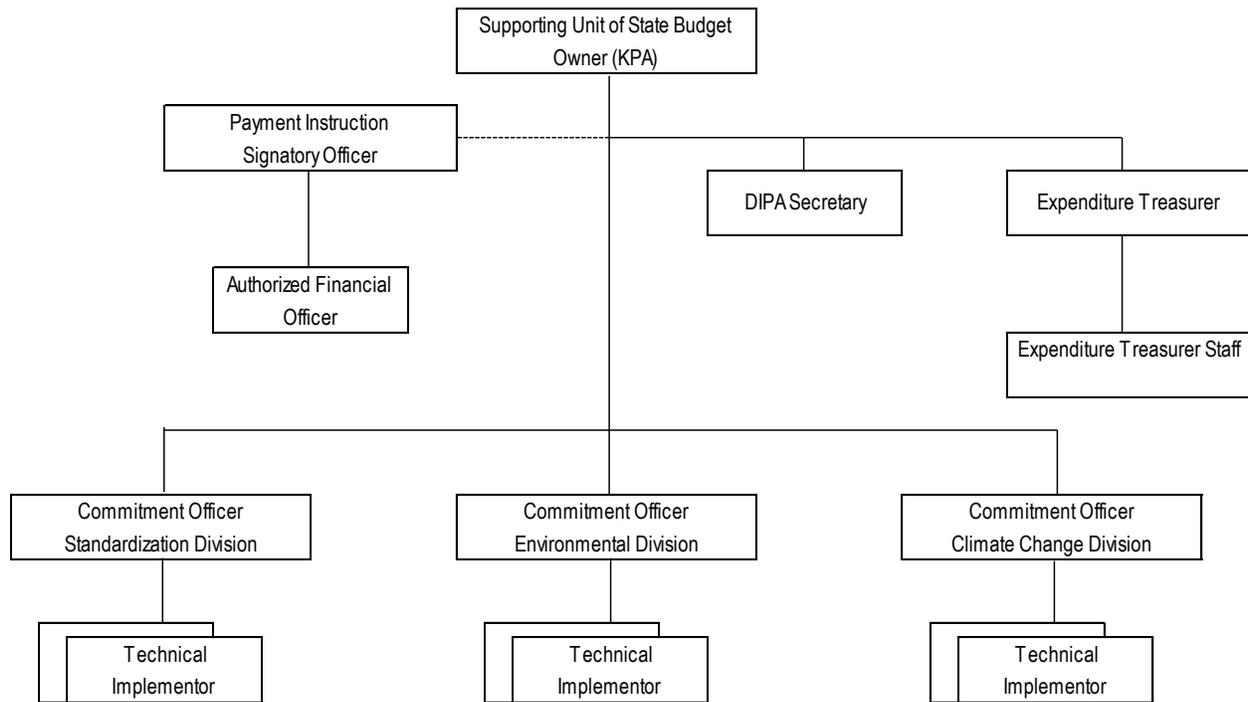
Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
4.41 Are periodic reconciliations performed among the different offices/implementing agencies?	Yes	Yes	Yes	Yes
<b>Other</b>				
4.42 Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	Yes	Yes. Follow Indonesian law	Yes. Follow Indonesian law.	Yes. Follow Indonesian law.
<b>5. Internal Audit</b>				
5.1 Is there an internal audit department in the entity?	Yes, the Inspectorate General of MoEF	Yes, the Inspectorate General of MoEF	Yes, Internal Audit Unit (SPI) and the Inspectorate General of MoEF	Yes, the Inspectorate General of MoEF
5.2 What are the qualifications and experience of audit department staff?	Accounting and Finance related backgrounds	Accounting and Finance related backgrounds	Accounting and Finance related backgrounds	Accounting and Finance related backgrounds
5.3 To whom does the internal auditor report?	To MoEF	Inspector General to submit a report to DGSFEP	Inspector General to submit a report to DGSFEP	Inspector General to submit a report to DGSFEP
5.4 Will the internal audit department include the project in its work program?	Yes	Yes	Yes	Yes
5.5 Are actions taken on the internal audit findings?	Yes	Yes	Yes	Yes
<b>6. External Audit</b>				
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	Yes, by State Financial Auditor (BPK)	Yes, by State Financial Auditor (BPK)	Yes, by State Financial Auditor (BPK) or Board of Supervisors Finance and Development (BPKP) for grant auditing.	Yes, by State Financial Auditor (BPK)
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	BPK usually issues its financial report for a financial year. Findings for the audit will be issued and the related entities should respond accordingly. The external audit reports will be reported to the Minister.	None. BPK usually issues its financial report for a financial year. Findings for the audit will be issued and the related entities should respond accordingly. The external audit reports will be reported to the Minister of MoEF?	None. BPK usually issues its financial report for a financial year. Findings for the audit will be issued and the related entities should respond accordingly. The external audit reports will be reported to the Minister of MoEF.	None. BPK usually issues its financial report for a financial year. Findings for the audit will be issued and the related entities should respond accordingly. The external audit reports will be reported to the Minister of MoEF

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
6.3 Is the audit of the entity conducted according to the International Standards on Auditing?	In accordance with the Government of Indonesia regulation.	In accordance to the Government of Indonesia standards on auditing	In accordance to the Government of Indonesia standards on auditing	In accordance to the Government of Indonesia standards on auditing
6.4 Were there any major accountability issues brought out in the audit report of the past three years?	No	No	No	No
6.5 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Yes.	Internal and external auditor will audit the project	Internal and external auditor will audit the project.	Internal and external auditor will audit the project.
6.6 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	No	No	No	No
6.7 Is the project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit?	The audit will be: 1. Internal audit implemented by the Inspectorate General; 2. External audit implemented by BPK.	The audit will be: 1. Internal audit implemented by the Inspectorate General; 2. Project audit implemented by external auditor appointed by the grant donor (ADB); which based on the previous project with ICCTF, the project audit was implemented by Board of Supervisors Finance and Development ( <i>Badan Pengawasan Keuangan dan Pembangunan</i> , BPKP); 3. External audit implemented by BPK.	The audit will be: 1. Internal audit implemented by the Inspectorate General; 2. Project audit implemented by external auditor appointed by the grant donor (ADB); which based on the previous project, the project audit was implemented by Board of Supervisors Finance and Development ( <i>Badan Pengawasan Keuangan dan Pembangunan</i> , BPKP); 3. External audit implemented by BPK/ BPKP.	The audit will be: 1. Internal audit implemented by the Inspectorate General; 2. Project audit implemented by external auditor appointed by the grant donor (ADB), the project audit was implemented by Board of Supervisors Finance and Development ( <i>Badan Pengawasan Keuangan dan Pembangunan</i> , BPKP); 3. External audit implemented by BPK.

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
6.8 Has the project prepared acceptable terms of reference for an annual project audit?	Yes, to be discussed with the auditor	To be discussed with the auditor	To be discussed with auditor	To be discussed with the auditor
<b>7. Reporting and Monitoring</b>				
7.1 Are financial statements prepared for the entity? In accordance with which accounting standards?	Yes in accordance with local accounting standards	In accordance with local accounting standards	In accordance with local accounting standards	In accordance with local accounting standards
7.2 Are financial statements prepared for the implementing unit?	Yes	Yes	Yes	Yes
7.3 What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Internal financial statements are required to be prepared monthly, quarterly and annually. In addition, an external audit will be conducted annually.	Internal financial statements are required to be prepared monthly, quarterly and annually. In addition, an external audit will be conducted annually.	Internal financial statements are required to be prepared monthly, quarterly and annually. In addition, an external audit will be conducted annually.	Internal financial statements are required to be prepared monthly, quarterly and annually. In addition, an external audit will be conducted annually.
7.4 Does the reporting system need to be adapted to report on the project components?	Yes, in accordance to Grant agreement			
7.5 Does the reporting system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	The reporting system for the project could be established and linked to the reporting system for financial data from the Ministry of Environment and Forestry.	The reporting system for the project could be established and linked to the reporting system for financial data from the Ministry of Environment and Forestry.	The reporting system for the project could be established and linked to the reporting system for financial data from the Ministry of Environment and Forestry.	The reporting system for the project could be established and linked to the reporting system for financial data from the Ministry of Environment and Forestry.
7.6 Does the project have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and how they are to be used?	To be determined	To be determined	To be determined	To be determined

Topic	PSKL, MOEF	BUPSHA	PJLHK	KPHP
7.7 Are financial management reports used by management?	Yes	Yes	Yes	Yes
7.8 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	Yes	Yes	Yes
7.9 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	By an automated accounting application provided by MoEF	By automated accounting application, provided by MoEF	By automated accounting application, provided by MoEF	By automated accounting application, provided by MoEF
<b>8. Information Systems</b>				
8.1 Is the financial management system computerized?	Yes	Yes	Yes. The application called Accounting System	Yes
8.2 Can the system produce the necessary project financial reports?	Yes	Yes	Yes	Yes
8.3 Is the staff adequately trained to maintain the system?	Yes, however training for system maintenance is required	Yes, however training for system maintenance is required	Yes, however training for system maintenance is required	Yes, however training for system maintenance is required
8.4 Does the management organization and processing system safeguard the confidentiality, integrity and availability of the data?	Yes	Yes	Yes	Yes

### Appendix 2. Organizational Chart of Accounting and Finance Departments



### **Appendix 3. Terms of reference of external auditor**

#### **The Audit Board of the Republic of Indonesia<sup>1</sup> (Badan Pemeriksa Keuangan Republik Indonesia, BPK)**

#### **Draft Terms of Reference (TOR) for Auditing Non-Revenue Earning Executing Agency (Annual Project Financial Statements of ADB Funded Projects)**

##### **I. The Project**

1. The project that will be audited, the executing agency (EA), the Project Implementing Units (PIUs) and some audit information are summarized in Annex 1.<sup>2</sup>

##### **II. Objective of the Audit**

2. The audit of the annual project financial statement (APFS) is primarily designed to ensure that the financial statements (FS) have been prepared in accordance with the relevant legal requirements and accounting standards adopted by the project and give a true and fair view of the financial performance and position of the project.

3. Further, the auditor will provide specific additional audit opinions on:

- (i) Use of grant proceeds; the Government funds.
- (ii) Compliance with financial covenants of the grant agreement
- (iii) Compliance with project account procedures (where applicable)—to confirm or otherwise, whether the imprest account (and sub-accounts) gives a true and fair view of the receipts collected and payments made and supports imprest and sub-account-liquidations and replenishments during the year.
- (iv) Compliance with Statement of Expenditure (SOE) procedures (where applicable)—to confirm or otherwise, whether adequate supporting documentation has been maintained to support claims to ADB for reimbursement of expenditures incurred and that the expenditures are eligible for financing under the grant agreement.
- (v) In addition, the auditors will provide a report highlighting weaknesses in the internal control system, as stipulated in para. 15.

##### **III. The Conduct of the Audit**

4. The audit will be conducted in accordance with *Standard Pemeriksaan Keuangan Negara (SPKN)*<sup>3</sup> and *Standard Professional Akuntan Publik (SPAP*, professional standard of public accountant). The standard requires that the auditor plans and performs the audit to obtain reasonable assurance about whether the FS are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the APFS. An audit also includes assessing the accounting principles used, significant estimates made by the management, as well as evaluating the overall FS presentation.

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<sup>1</sup> The TOR is subject to amendment for any policy changes in ADB or the Government of Indonesia.

<sup>2</sup> Annex 1 will be completed before Grant Negotiation of the Project.

<sup>3</sup> SPKN (Indonesian State Finance Auditing Standards) are auditing standards used by BPK as an independent state finance auditor who is responsible to audit all state finance in Indonesia.

#### **IV. Audit Procedures**

5. The auditors shall perform audit procedures which include:
- (i) Review the Report and Recommendation of the President (RRP)<sup>4</sup>, its linked and supporting documents;
  - (ii) Plan and conduct the audit in accordance with a risk based framework. The detailed audit work program should be sufficiently extensive in its coverage to support the opinion given;
  - (iii) Gather sufficient audit evidence to substantiate in all materials respects, the accuracy of information contained in supporting schedules attached to FSs including any and all supporting schedules. This should include verifying samples of transactions and account balances, reviewing any areas where significant estimates and judgments are made by management, as well as performing analysis to verify reported data and confirm year-end balances.
  - (iv) Review SOEs submitted to ADB in support of requests for periodic replenishments of the project imprest and sub-account.<sup>5</sup> Expenditures should be examined for eligibility based on criteria defined in the terms of financing agreement. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, they should be reported;
  - (v) Review and evaluate the system of internal control and assess the internal control environment to determine the degree of reliance that may be placed upon them and to determine the extent of testing of actual transactions needed to assure the auditor of the completeness and accuracy of the accounting records;
  - (vi) Include procedures that are designed to provide reasonable assurance that material misstatements (if any) are detected in accordance with international standards on auditing. The audit coverage will consider the risk of material misstatements as a result of fraud or error; and
  - (vii) Determine whether accounting policies are appropriate and consistently applied, and determine whether all FS disclosures are adequate.

#### **V. Audit Scope in Compliance with Financing Arrangement**

6. To comply with agreed project financing arrangements the auditor shall carry out tests to evaluate the following documents:
- (i) The project's imprest account(s) and sub-account(s), if any;
  - (ii) Statement of Expenditures (SOEs);
  - (iii) Compliance with covenants contained in the Grant agreement;
  - (iv) Any material weaknesses in internal control which are identified during the audit;
  - (v) Compliance with Standard Operating Procedures, Financial Management Manual and Procurement Manual;
  - (vi) Fixed assets procured, review the allocation of project vehicles and equipment and whether these are being utilized in accordance with the ADB's Guidelines and/or Grant Agreement; and
  - (vii) Any other materials which the auditor considers should be brought to the attention of the recipient/the Government.

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<sup>4</sup> RRP is an approval report of ADB's Board of Directors related to the grant proposal that had been negotiated between ADB and the Government.

<sup>5</sup> ADB's term for the project designated accounts.

7. Based on the assessment, the auditor shall justify whether:
- (i) All funds funded by ADB, and the Government have been used in accordance with the conditions of the relevant grant agreements with due attention to economy and efficiency, and only for the purposes for which the grant was intended;
  - (ii) Goods, works and services financed, as the procurement plan given in the Project Administration Manual (PAM), have been procured in accordance with relevant financing agreements, including specific provisions of the ADB Guidelines and/or Grant Agreements;
  - (iii) Expenditures submitted to ADB are eligible for financing and all necessary supporting documents, records, and accounts in support of withdrawals have been adequately maintained;
  - (iv) All necessary supporting documents, records, and accounts have been kept in respect of all project expenditures (including expenditures reported using SOEs of Imprest Fund Procedures);
  - (v) The Imprest Accounts and sub-accounts have been maintained and operated in accordance with the provisions of the relevant financing agreements.

#### **VI. Annual Project Financial Statements (APFSs):**

8. The auditor should verify whether the APFSs have been prepared in accordance with the *Standar Akuntansi Pemerintah (SAP)*<sup>6</sup> and discuss the impact on FSs, if any deviation from SAP.

9. The FSs for the project may include<sup>7</sup>:
- (i) A statement of cash receipts and payments for the period;
  - (ii) Imprest account(s) and sub-account(s);
  - (iii) Statement of expenditures (SOEs);
  - (iv) Other supplementary schedules of value;
  - (v) Accounting policies and explanatory notes; The explanatory notes should include reconciliation between the amounts shown as "received by the project from ADB " and that disbursed by ADB and a summary of movements on the project's Designated Account; and a comparison of the project budget to accumulated receipts and expenditure (by disbursement categories) since the commencement of the project;
  - (vi) When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments.

#### **VII. Audit Methodology**

10. Based on this TOR, BPK will prepare a methodology to ensure that the audit required is comprehensive and it is expected that a high degree of assurance, compliance with the law and accountability be reflected in the methodology. The methodology should, at minimum, shall address the following:

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<sup>6</sup> SAP (Indonesian Government Accounting Standards) are standards used by the Indonesian EA to prepare its APFSs, which adopted the *International Public Sector Accounting Standards (IPSAS)*.

<sup>7</sup> This list will be used as a guideline. If there are items that project is not prepared to provide or cannot provide, BPK will accept information in whatever forms that are auditable.

- (i) SPKN Compliance: The auditor should indicate the extent (if any) that the audit would not conform to SPKN and indicate any alternative standards to which the auditors would conform;
- (ii) Understanding of the environment and key areas of audit risk for the project;
- (iii) Audit planning and the role that the EA/IAs are expected to play in this process;
- (iv) The resources to be allocated to the audit to address the risks identified;
- (v) The approach to field work (i.e. gathering of evidence to support assertions to be made in the audit opinions); and
- (vi) Quality assurance arrangements.

### **VIII. Audit Report**

11. At minimum, the audit report will:
- (i) state the purpose of the report and its intended use;
  - (ii) state whether SAP have been adopted in the preparation of the APFSs and indicate the effect of any deviations from those standards;
  - (iii) state that the audit was conducted in accordance with SPKN;
  - (iv) the audit opinion will cover both the current period and the cumulative period since the commencement of the Project;
  - (v) the audit opinion will state whether or not the FSs present fairly statement of Expenditures (SOEs), Imprest accounts and sub-accounts of the project;
  - (vi) The auditor is also expected to express opinions as the compliance with the terms and conditions of the relevant grant agreement as well as the budget execution regulations;
  - (vii) The auditor should also indicate, where present, the extent of any non-compliance by reference to the financial covenants;
  - (viii) The auditor should also indicate whether any attached supplementary FSs and Notes to the FS have been subjected to the same auditing procedures as in the case of the basic FSs.
12. Irregularities and instances of noncompliance with government or institutional rules and regulations that do not give rise to a qualified opinion or disclaimer of opinion should not be subjects of the report of the auditor. When the auditor has comments that are not material to the opinion, these should be set out in the audit report on project's internal control system or statutory regulations.
13. Where the Grant Agreement of a project requires the separate audit of the SOEs and Imprest accounts and sub-accounts, respectively, additional paragraphs should be included in audit opinion as follows:
- (i) Referring to the SOE financial statement, certifying to the eligibility of those expenditures against which SOE disbursement were made; and
  - (ii) Referring to the imprest account financial statements
14. At least the following two specific opinions on FS required from the auditor:
- (i) Opinion on the statement of expenditures; and
  - (ii) Opinion of imprest accounts and sub-accounts.

## **IX. Audit Report on The Internal Control System and on Compliance with Statutory Regulations**

15. Together with (i) the audit report including the opinion on financial statements, the auditor will submit (ii) audit report addressing weaknesses in the internal control system and on compliance with statutory regulations that should address as a minimum the following:

- (i) a general overview of the internal control systems of the project and the executing agency, or an opinion on the management systems;
- (ii) an identification of material deficiencies or weaknesses in the project or executing/implementing agencies' internal controls over financial reporting or on the overall system of internal control;
- (iii) the auditor's recommendations for improvement or for rectification of identifies weaknesses; and
- (iv) Follow-up actions/s or status to previously identified issues and findings, if any.

## **X. Exit Meeting**

16. Upon the completion of the field work, the auditor will hold an exit meeting with the EA/PIUs. The exit briefing will give the auditor an opportunity to obtain management's comments on the accuracy and completeness of the auditor's findings, conclusions, and recommendations, including whether or not management concurs with the audit findings. It will also include a discussion of common findings across projects being audited and recommendations for addressing bottlenecks in preparation for the next audit. The auditor will document the exit briefing for inclusion in the audit working papers. The EA/PIUs could invite the other parties to attend the exit briefing as observers.

## **XI. Access to Information and Records**

17. The auditor will be provided with unrestricted access to all payments records and supporting documents, invoices, and all types of contracts, except claims of consultants engaged directly with ADB including statements of accounts, legal agreements and minutes of meetings, etc. Project staff shall fully cooperate with the auditor. The auditor shall have the rights to access to banks and depositories, consultants, contractors, or other persons or firms engaged by the project. In case access has been restricted, the auditor must note this in the auditor's opinion.

18. The auditor is encouraged to meet and discuss audit related matters including inputs to the audit plan with ADB project officers.

19. It is highly desirable that the auditor reviews the Grant Agreement and their supporting documents, which summarize the ADB's financial reporting and auditing requirements. The auditor should also familiar with the ADB's disbursement and Procurement Handbook.

## **XII. Deliverables and Timing**

20. The EA/PIU shall prepare the APFS in 2 sets of currency (US\$ dollar and Rupiah). The SOEs in Rupiah and Project Accounts (Pas or Project financial statements in US\$).

21. Two sets of the audited APFSs (in US\$ and in English) and the corresponding audit report (in English) shall be delivered to each EA in accordance with submission dates states in the Grant Agreement.

### **XIII. Annexes**

22. All annexes of this TOR will be completed by the EA/PIUs and endorsed by ADB prior to the assignment of BPK to conduct the audit of the project.

# Procurement Risk Assessment

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Draft for FIP Subcommittee Review  
Project Number: 47084  
June 2016

## Republic of Indonesia: Community-Focused Investments to Address Deforestation and Forest Degradation Project

Procurement Service Units (ULP) of MOEF, West Kalimantan Province,  
Kapuas Hulu and Sintang Districts

## **CURRENCY EQUIVALENTS**

(As of 25 June 2016)

Currency Unit – Rupiah (Rp)

Rp1.00 = \$0.000074

\$1.00 = Rp13,415

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
CIF	–	Climate Investment Fund
FIP	–	Forest Investment Program
LKPP		Lembaga Kebijakan Pengadaan Barangdan Jasa (National Public Procurement Agency)
MOEF	–	Ministry of Environment and Forestry
MCA-I	–	millennium challenge account for Indonesia
PISU	–	project implementation supporting unit
P-RAMP		procurement risk assessment and management plan
REDD+	–	reduced emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon (+ refers to the last three phrases)
RFP	–	request for proposal
ULP	–	Unit Layanan Pengadaan (procurement service unit)

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## EXECUTIVE SUMMARY

1. Overall Assessment of project procurement risk is: **Medium**
2. Summary of weaknesses and risks: The procurement service unit (ULP) and project management unit (PMU) staff have no experience in conducting procurement based on ADB's Procurement Guidelines.
3. Summary of mitigation and/or management measures to be adopted: More practical training not only from regulation aspect, but also from practical procurement skills aspect, shall be given to the ULP and PMU staff, and in improving their English proficiency.

## I. INTRODUCTION

1. With support from the Forest Investment Program (FIP)<sup>1</sup> under Climate Investment Funds, the Asian Development Bank (ADB) through FIP 1: “Community-Focused Investments to Address Deforestation and Forest Degradation” project will support the Government of Indonesia (Ministry of Environment and Forestry – MOEF - as the executing agency) with a \$17 million grant to address sub-national barriers for REDD+ in West Kalimantan province.

2. This assessment was prepared in accordance with the Guidelines for Assessing Country, Sector and Project Procurement Risks. As part of the process to prepare the FIP project, ADB requires the assessment of the capacity and capability of the procurement service units (ULPs) in conducting procurement of works, goods, and services financed by ADB. With this purpose, a questionnaire was conducted to the staff of MOEF, and Heads of ULP of West Kalimantan province, Kabupaten Kapuas Hulu and Sintang districts. The results of the detailed questionnaires are in Appendices 1 to 4. Preparation included reviewing documents, ADB’s ongoing procurement experience, and interview with counterpart staff and discussions with stakeholders. The main tasks of each ULP are conducting procurement activities commencing from advertisement of the intent of procurement, preparing bidding documents, evaluation of bids and contract awards. The questionnaire was aimed at gathering information on capacity and capability of each unit on procurement issues especially on the following aspects:

- (i) Organizational and staff capacity,
- (ii) Information management,
- (iii) Procurement practices,
- (iv) Effectiveness, and
- (v) Accountability measures

3. **ULP MOEF** is an independent body that was established in November 2014 under the Secretary General of MOEF. It serves not only procurement in the Secretariat General of MOEF but also in other echelon I units within the MOEF. Although it is a new unit, some of its staff that might be recruited from each of directorate general and other echelon I units have experience in procurement when they were working as member of the previously bidding committee. For this project the biggest contract to be procured is the consulting services for assisting the executing agency<sup>2</sup> in managing the project. In addition to ULP, the executing agency was also included in the questionnaires, as part of the procurement processes handled by this unit.

4. **ULP of West Kalimantan province** is an independent body directly under the coordination of the Governor. It was established on 4 November 2013. It serves not only the provincial office of the MOEF but also other ministerial provincial offices. In addition to ULP, the project management unit (PMU) in the provincial office was also included in the questionnaire.

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<sup>1</sup> Indonesia is one of the eight countries selected to receive support from FIP, one of the three sub-programs under Strategic Climate Fund of CIF. ADB, in collaboration with World Bank and IFC, assisted the government in preparing the forest investment plan, which was endorsed in November 2012.

<sup>2</sup> Procurement is conducted by ULP. Once procurement has been completed, the contract with the winner of the tender will be signed by an appointed person from the district office of the ministry (not by the head of ULP). Previously this person is called project manager. Now it is called Commitment Making Official (Pejabat Pembuat Komitmen, PPK). After a contract is signed, responsibility to manage the contract falls on PPK. PPK may be assisted by a number of staff. This organization is now called in the report as Project Management Unit.

5. **ULP Kabupaten Kapuas Hulu** is an independent body but still in the ad hoc status under the coordination of the District Head. It serves not only the district office of the MOEF but also other ministerial district offices in Kapuas Hulu.

6. **ULP Kabupaten Sintang** is an independent body that was established in November 2010 directly under the coordination of the District Head. It serves not only the district office of the MOEF but also other ministerial district offices in Sintang.

7. The paragraphs below show the results of the filled up questionnaires and the related identified risks. More detailed data and information can be seen in the appendices.

## **II. PROJECT PROCUREMENT RISK ASSESSMENT**

### **A. Overview**

#### **1. Organization and Staff Capacity**

8. On the organization and staff capacity the ADB questionnaire was conducted to ULPs and the PMUs. There are 15 questions for ULPs and 13 for PMUs and all questions were fully answered.

9. The questions for ULP cover the area of the independency of the ULP, availability of permanent office, types of procurement it has conducted in the past, experience of the staff, status of the staff, English proficiency, office facilities, access to training program, job description, and manual for procurement of goods, works and consulting services.

10. The questions for PMU are related to the area of staff and their qualification, office facilities, procurement document/form, procurement law, guidelines, drafting and approving terms of reference and specifications.

#### **a. Unit Layanan Pengadaan (Procurement Service Unit)**

##### **(i) ULP MOEF**

11. The ULP is staffed with 10 full-time officials who are all civil servants, supported by three other seconded staff. They have experience in their previous tasks as member of the bidding committee. The number and their staff qualification are considered to be adequate for the present work load.

12. The office is equipped with PCs, laptops, printers, and internet facilities with a good speed. The available office space is considered as adequate.

13. Access to procurement training program for ULP staff is available. The job description of procurement position is specified in the decree of the Secretary General of MOEF but not quite in detail. Procurement process manual for goods and works is not specifically available but ULP MOEF follows the one prepared by the National Public Procurement Agency (LKPP).

14. The present number of staff is supposed to be adequate to conduct the present procurement load for the whole units within the MOEF. Additional procurement from this project, however, might be a little burden.

15. So far some of the staff has experience in conducting procurement based on the guidelines from the development partners and some of them speak English. However, if all documents in the project are written in Bahasa Indonesia because all procurements are in the form of national competition, this weakness would not be a major problem.

**(ii) ULP West Kalimantan Province**

16. Up to April 1, 2015 ULP West Kalimantan was staffed with 10 full-time officials who are all civil servants. After 1 April 2015 the staff was strengthened by another five personnel and three part-time honorary personnel. The head of the unit has two years of experience in procurement. The number of staff is considered to be inadequate compared to the existing workload. According to the head of the ULP, it should be around 40 people.

17. The office is equipped with 10 PCs, 5 laptop, 10 printers, and internet facilities although it is still through another office. The permanent office space is not yet available.

18. The access to procurement training program for ULP staff is available through the provincial training agency. For others who do not have chance to attend the training, they obtained their knowledge through day to day activities in procurement. The job description of procurement position is specified in general in the form of a circular letter of the Minister for Empowerment of State Apparatus No.77/2012 and in the Joint Regulation of head of the National Public Procurement Agency and head of the National Staffing Agency No.1/2013 and No.14/2013.

19. Procurement process manual for goods and works is not specifically available but the ULP follow the one prepared by LKPP. So far, none of the staff has experience in conducting procurement based on the guidelines from the development partners and none of them speak English. However, this weakness could be minimized if all documents in the project are written in Bahasa Indonesia since all procurements are in the form of national competition.

**(iii) ULP Kapuas Hulu**

20. ULP Kapuas Hulu is staffed with 30 part-time officials who are all civil servants, supported by six other staff. The head of the unit has 10 years of experience in procurement. The number and the qualification of staff are considered to be adequate for the present work load and even for additional work.

21. The office is equipped with 2 PCs, 2 laptop, 2 printers, and internet facilities although with low speed of only 2 MHz. The available office space is considered as inadequate. They need addition of about 30 m<sup>2</sup>.

22. Access to procurement training program for ULP staff is available. So far, two staff attends training every month in Jakarta. The job description of procurement position is specified in the decree of the regent but not quite in detail.

23. Procurement process manual for goods and works is not specifically available but ULP follow the one prepared by LKPP. The present number of staff is supposed to be adequate to conduct the present procurement load for the district. Additional procurement from this project, however, might be a burden. So far none of the staff has experience in conducting procurement based on the guidelines from the development partners and none of them speak English.

However, this weakness would not be a major problem if all documents in the project are written in Bahasa Indonesia because all procurements are in the form of national competition.

**(iv) ULP Sintang**

24. ULP is staffed with 15 part-time officials, all are civil servants, and supported by six other staff. The head of the unit has 24 years of experience in procurement and other staffs have experience of only four years. The office is equipped with seven computers/laptop, printer, copying machine, and internet facilities although with low speed of only 8 MHz.

25. Access to procurement training program for ULP staff is available. So far, five staff has attended training in Jakarta. The rest obtained their knowledge through day to day activities in procurement. Job description of procurement position is specified in the decree of the regent but not quite in detail.

26. Procurement process manual for goods and works is not specifically available but ULP follow the one prepared by LKPP. The present number of staff is supposed to be adequate to conduct the present procurement load for the district. Additional procurement from this project, however, might be a burden. So far none of the staff has experience in conducting procurement based on the guidelines from the development partners and none of them speak English. However, if all documents in the project are written in Bahasa Indonesia because all procurements are in the form of national competition, this weakness would not be a major problem.

**b. Project Management Unit**

27. Except for PMU West Kalimantan, the three other PMUs are sufficiently staffed. However, if there is additional procurement from this project, additional staff might be required. Existing facilities such as PCs, internet connection, printers and photocopiers are available but not adequate in the PMUs of West Kalimantan, Kapuas Hulu and Sintang districts.

28. The standard procurement documents/forms approved by ADB are not available but the government standards prepared by LKPP are there. All procurements are conducted based on the Presidential Regulations with the latest one No.4/2015. The drafting and approving specifications, terms of reference, bidding documents, and request for proposal are clear.

29. The weakness of the units, especially for ULPs, is the insufficient knowledge on ADB's procurement guidelines and procedures, and lack of proficiency in English. However, as there would be no international competition conducted by the ULP, the weakness is regarded as minor.

30. Based on the above assessment, the procurement risks in the aspect of organizational and staff capacity ranges from low (MOEF) to high (West Kalimantan).

**2. Information Management**

31. On the information management ULPs and PMUs provided responses to the questionnaires covering filing, documentation, equipment, and personnel.

32. Specific referencing system for procurement file is available in the form of the ministerial/regent regulation, in addition to the circular letter from the head of LKPP for MOEF

and West Kalimantan. However, this system is not available in Kapuas Hulu and Sintang. Except for West Kalimantan, resources (although scattered) are allocated to record keeping infrastructures, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency.

33. ULPs and PMUs adhered to the document retention policy except for West Kalimantan. Copies of bids and proposals are retained with evaluation, and copies of original advertisements retained with the pre-contract papers. Single contract is filed with a copy of contract and all subsequent contractual correspondence. Copies of invoices are included in the contract paper and ULPs and PMUs record keeping function is supported by information technology.

34. Based on the answers from the filled up questionnaires, the procurement risks in the aspect of Information Management ranges from low (MOEF) to high (West Kalimantan).

### **3. Procurement Practices**

35. The questionnaires divide procurement practices in two categories: i) procurement of goods and works, and ii) procurement of consulting services. 21 questions are allocated for procurement of goods and works and 30 questions for consulting services. All questions were answered.

#### **a. Procurement of Goods and Works**

##### **(i) ULP MOEF**

36. The first question in procurement of goods and works in the questionnaires is the experience of the ULP in conducting procurement related with foreign assistance in the last 36 months. The ULP member have experience when they were working as member of the bidding committee in procuring machine of a value of about Rp1.5 billion from China.

37. In the aspect of availability of a systematic process to identify procurement requirement, the response is positive. It was done through meeting within the directorate general.

38. The agency seems to understand the proper bidding procedures in public procurement such as: period for preparation of bids, whether queries from bidders are replied in writing, whether bidding documents state the date and time for bid opening, whether bids are opened in public, whether late bids are accepted, rejection of bids at the bid opening, copies of bid opening, and evaluation of bids. The agency also showed quite a good understanding on proper procedures on the failure of a bidding, collection and clearance of cargo through port of entry, goods receiving procedures, asset recording, letters of credit, and on defect liability period

39. From the above, we can conclude that both ULP and PMU, in addition to their experience in conducting procurement financed by the Government budget, also have experience in the procurement financed by foreign fund, although only in small value. In this program, however, since the goods and works to be procured are of low cost, the international competition would not be encountered.

40. The procurement risk in this aspect of procurement practices is, therefore, low.

**(ii) ULP West Kalimantan**

41. The ULP has no experience in conducting procurement related with foreign assistance in the last 36 months. The availability of a systematic process to identify procurement requirement is in process.

42. The response to the question on period for preparation of bid is also "in process". There was no response to the question whether queries from bidders are replied in writing. This is probably due to the fact that procurement is conducted electronically.

43. The response to the question on whether bidding documents state the date and time for bid opening and whether bids are opened in public are yes and these are in accordance with the procurement guidelines. As to whether late bids are accepted, "there was no previous case". In the procurement guidelines, in this case Presidential Regulation No.4/2015, late bids shall be rejected. The response to the question on rejection of bids at the bid opening is "in process". In the procurement guidelines no bids shall be rejected at the bid opening.

44. On the question of preparation of minutes of bid opening, distribution of the minutes, and whether these are provided for free, the response was "in process".

45. The response to the question on who conducts the evaluation of bids and their qualification are "by the working group of ULP and, before appointed as the working group they must have obtained "procurement certificate" from LKPP.

46. The response to the questions on the failure of a bidding, collection and clearance of cargo through port of entry, goods receiving procedures, asset recording, letters of credit, and on defect liability period are all "in process".

47. The procurement risk in this aspect of procurement practices is assumed as high.

**(iii) ULP Kapuas Hulu and Sintang**

48. Both ULP in Kapuas Hulu and Sintang never had experience in conducting procurement related with foreign assistance. As to the availability of a systematic process to identify procurement requirements, this was done through village and sub-district level.

49. Responses to the questions on period for preparation of bids, whether queries from bidders are replied in writing, whether bidding documents state the date and time for bid opening, whether bids are opened in public, whether late bids are accepted, rejection of bids at the bid opening, copies of bid opening, evaluation of bids, show that the agencies seem to understand the proper bidding procedures in public procurement except for rejection of bid at the bid opening which should not be allowed.

50. The agencies also show quite a good understanding on proper procedures on the failure of a bidding, collection and clearance of cargo through port of entry, goods receiving procedures, asset recording, letters of credit, and on defect liability period.

51. From the above, it can be concluded that one of the weaknesses of ULPs and PMUs is in the procurement financed by foreign funds. In this program, however, since the goods and works to be procured are of low cost, the international competition would not be encountered. The procurement risk in this aspect is, therefore, low to moderate.

**b. Procurement of Consulting Services****(i) ULP MOEF**

52. Similar with the procurement of goods and works, the question on the experience of the ULP in conducting procurement related with foreign assistance in the last 36 months was also evaluated. The members of ULP in their previous experience have conducted procurement of consulting services with a value of about Rp700 million financed by UNDP.

53. The ULP understands sufficiently the common practice in procurement of consulting services, namely:

- (i) selection procedures starting from the establishment of selection committee, criteria used for evaluating of expressions of interest, method used for selecting consultant, and criteria for evaluation is predetermined in the RFP; and
- (ii) procedures to be followed by the invited consultants after having obtained the RFP. These are about pre-proposal visit, preparation of minutes of the visit and its distribution, queries from the consultants, technical proposal opening and its minutes, technical ranking, contract negotiation, and so on.

54. Based on the above questions, although the ULP was just recently established, some of their staff have experience in the procurement financed from foreign agencies, the risks in the aspect of procurement of consulting services is assumed as low.

**(ii) ULP West Kalimantan**

55. Similar with the procurement of goods and works related with foreign assistance in the last 36 months, the ULP had never conducted such kind of procurement.

56. There was no response to the questions related with selection procedures used by ULP starting from the establishment of selection committee, criteria used for evaluating of expression of interest, method used for selecting consultant, and whether criteria for evaluation are predetermined in the request for proposal (RFP).

57. There was also no response to questions related with procedures to be followed by the invited consultants after having obtained the RFP. These are about pre-proposal visit, preparation of minutes of the visit and its distribution, about the queries from the consultants, technical proposal opening and its minutes, technical ranking, and contract negotiation.

58. Based on the answers to the above questions, the procurement risk in the aspect of procurement practices is assumed as high.

**(iii) ULP Kapuas Hulu and Sintang**

59. As with the procurement of goods and works, both ULPs have never conducted procurement of consulting services using foreign assistance in the last 36 months.

60. Questions related with selection procedures starting from the establishment of selection committee, criteria used for evaluating of expression of interest, method used for selecting consultant, and criteria for evaluation are predetermined in the RFP.

61. Other questions are related with procedures to be followed by the invited consultants after having obtained the RFP. These are about pre-proposal visit, preparation of minutes of the visit and its distribution, about the queries from the consultants, technical proposal opening and its minutes, technical ranking, contract negotiation, and so on. The answers to these questions show that the ULP understands sufficiently the common practice in procurement of consulting services.

62. Based on the above questions, except for the nonexistence of ULP's experience in the procurement financed from foreign agencies, the risks in the aspect of procurement of consulting services is assumed as low to moderate.

### **c. Payments**

63. There are four issues on payment, most of which are fulfilled by the PMUs. Advance payment and payment period are specified in the contract. So far, actual payment period is in line with that specified in the contract. As for late payment to the contractor, the MOEF PMU pays interest rate to the contractors. However, PMU Kapuas Hulu and Sintang do not pay interest for late payment. PMU West Kalimantan has no response to the payment issues.

64. The procurement risk in payment aspect is low for PMU MOEF, Kapuas Hulu and Sintang and high for PMU West Kalimantan.

## **4. Effectiveness**

65. There are five questions in the effectiveness of procurement, particularly in managing contracts.

66. Contractual performance is systematically monitored and reported. PMUs' monitor and tracks its contract payment obligation. Complaints resolution mechanism is described in the national procurement document.

67. Formal non-judicial mechanism for dealing with complaints is not available for PMU MOEF; disputes are solved through formal mechanism. This mechanism is available in PMU Kapuas Hulu and Sintang but still in the learning stage for PMU West Kalimantan.

68. Procurement decisions and disputes are supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment. This is not available in PMU West Kalimantan as the unit is new.

69. From the above questions, we can conclude that PMUs have conducted procurement management in accordance with the common practice and therefore the procurement risk is assumed as low for the three PMUs and moderate for PMU West Kalimantan.

## **5. Accountability Measures**

70. Accountability measures covers the aspects of ethics from those involved in procurement, requirement to declare potential conflict of interest, requirement of external approval, approval of procurement actions and their experience and qualification in procurement, actions required outside approval, authorization for a number of actions, and availability of auditable trail of procurement decisions.

71. ULPs and other related parties follow the standard procedures and regulation in public procurement, however, the possibility of deviation from the procedures and regulation for personal interest is there.

72. From this point of view the procurement risk in accountability measures is assumed as moderate to substantial.

## **B. Strengths**

### **(i) ULP MOEF**

73. The ULP has been established since November 2014 and they conduct procurement not only from PMU of the Secretariat General of the MOEF but also from other echelon I unit within the MOEF. Although this ULP was just established recently, some of its member has already had experience in conducting procurement of goods/works/consultant services. These procurements in the biggest portion are conducted by using Perpres No.54/2010 and its amended versions as a procurement guideline, and some of them are financed by foreign assistance.

74. For this project the ADB's Procurement Guidelines shall be used for conducting procurement. However, as there will be no international competition encountered in this project, and presumably the ADB's Procurement Guidelines will be translated into Bahasa Indonesia, this ULP shall not find major difficulty in conducting procurement.

### **(ii) ULP West Kalimantan**

75. The ULP has been established only recently but the head and some of his staff have had experience when they were working in their previous units. The head has experience of about two years when he was appointed as the head of procurement committee in the provincial office of the MPEF. His staff also has had experience as member of procurement committee of the provincial office of the MOEF. From its inception, ULP team has conducted procurement for the whole ministerial offices in the province, not only for the provincial office of the MOEF.

76. They have gained experience with the concept of learning by doing and it is expected that they will have sufficient experience by the time the project is effective. These procurements were conducted by using Presidential Regulation (Perpres) No.54/2010 and its amended versions as a procurement guideline.

77. As the procurement in this project shall consist of only NCB, meaning that all documentations shall be in Bahasa Indonesia (presumably ADB's Procurement Guidelines and all related documents will be translated into Bahasa Indonesia), they will not encounter any major problem in conducting their jobs.

### **(iii) ULP Kapuas Hulu and Sintang**

78. Both ULPs have been established since November 2010 and as they conduct procurement not only from PMU of the district office of the MOEF but also from other ministerial offices in the district, they already have sufficient experience in conducting procurement of goods/works/consultant services. These procurements were conducted by using Presidential Regulation (Perpres) No.54/2010 and its amended versions as a procurement guideline.

79. For this project ADB's Procurement Guidelines shall be followed. The ULPs shall not find major difficulty in conducting procurement as there will be no international competition in the project, and presumably the ADB's Procurement Guidelines will be translated into Bahasa Indonesia.

### C. Weaknesses

80. The four ULPs never had experience in conducting procurement based on ADB's Guidelines. Except for ULP MOEF, the three other ULPs have no experience in procurement using foreign funding sources. There is also limited number of staff in the ULP and PMU of West Kalimantan who have attended course in public procurement. The staff proficiency in English in all ULPs is low.

### D. Procurement Risk Assessment and Management Plan (P-RAMP)

81. Although the goods/works and consultant services to be procured in this Project might be based on the Bahasa Indonesia version of the ADB's Procurement Guidelines, improving of English and understanding the ADB's Procurement Guidelines and regulations for ULP staff is considered important. This will result in a broader understanding of public procurement by the ULP staff. Appendix 5 presents a detailed P-RAMP.

82. In addition, further training in procurement skills is recommended other than understanding only the procurement guidelines and regulations, such as writing technical specifications and terms of reference, understanding factors influencing the preparation of cost estimates, understanding the principle of construction method and possible alternatives so that there would be not only one method is the correct one, determining the appropriate bid evaluation method including their strengths and weaknesses, etc.

## III. PROJECT SPECIFIC PROCUREMENT THRESHOLDS (if applicable)

83. Project specific procurement threshold follows those specified in the Presidential Regulation No.4/2015.

**Table 1: Procurement Threshold  
Procurement of Goods and Works**

Method	Threshold (US\$)	Comments
National Competitive Bidding for Works	Above \$50,000 to \$ 1 million (MOEF) Above \$200,000 to \$5.0 million (West Kalimantan) Above \$1 million to \$10 million (Kapuas Hulu and Sintang)	The Procurement risk is moderate as the threshold is set lower than that of PAI 3.05 of \$ 3 million to \$ 40 million
National Competitive Bidding for Goods	Above \$30,000 to \$500,000 (MOEF) Above \$100,000 to \$3.0 million (West Kalimantan) Above \$500,000 to \$5 million (Kapuas Hulu and Sintang)	The threshold is set lower than that of PAI 3.05 of \$ 1 million to \$10 million
Shopping for Works	Below \$ 50,000 (MOEF) Below \$200,000 (West Kalimantan) Below \$1 million (Kapuas Hulu and Sintang)	
Shopping for Goods	Below \$ 30,000 (MOEF) Below \$100,000 (West Kalimantan) Below \$500,000 (Kapuas Hulu and Sintang)	
Community Participation		

Procurement of Consultant Services		
Method	Threshold	Comments
Quality and Cost Based Selection		
Least Cost Selection		

#### IV. PROCUREMENT PLANS

84. A procurement plan is found in Appendix 3 of this document and there will be an advance contracting but no retroactive financing required for this project. Major contracts to be procured in the first 18 months are as follows:

**Table 2: Contracts to be procured**

Description	Cost Estimate '000	Procurement Method	Responsible ULP
Consulting services for assisting the management of project implementation	3,220.00	QCBS (90:10) FTP	MOEF
2 package of Geographic information system	90.0	Shopping	West Kalimantan
1 package of forest fire suppression equipment	1,330.0	NCB	West Kalimantan
3 package of speed boars, cars and motorbikes	288.0	Shopping	
2 package of office equipment (including computer equipment, software, video conference, communication and maintenance services	134.0	Shopping	West Kalimantan
Infrastructure for ecotourism consisting of: - Civil works - Equipment Other goods and services	23.11	NCB with labor to be contracted to the community	Kapuas Hulu
Agro-forestry Coffee/Rubber consisting of: - Seeding - Fertilizer - Pesticide - Equipment - Labor cost	1,303.46	NCB with labor to be contracted to the community	Kapuas Hulu
Home garden/horticulture consisting of: - Seeding (dragon fruit and kemirisunan) - Equipment (dragon fruit and kemirisunan) Other goods and services	22.26		
Agro-forestry Coffee/Rubber consist of: - Seeding - Fertilizer - Pesticide - Equipment - Labor cost	456.77	NCB, with labors to be contracted to the community.	Sintang
Rubber plantation consist of: - Seeding - Fertilizer - Pesticide - Equipment - Labor cost	103.15		
Home garden/horticulture consist of: - Seeding (dragon fruit and kemirisunan) - Equipment (dragon fruit and kemirisunan) Other goods and services	22.26		

## V. CONCLUSION

85. The overall procurement risks in the ULPs are summarized in Table 3 below.

**Table 3: Procurement Assessment for the Different Entities Involved**

Indicators	ULP MOEF	ULP Kalimantan	ULP Kapuas Hulu	ULP Sintang
Organization and staff capacity	Low	High	Low	Low to moderate
Information management	Low	High	Moderate	Moderate
Procurement practices	Low	High	Low to moderate	Low to moderate
Effectiveness	Low	Moderate	Low	Low
Accountability measures	Moderate	Moderate to substantial	Moderate to substantial	Moderate to substantial
Overall rating	Low	Substantial to high	Moderate	Moderate

86. ULP of MOEF and PMU of the Directorate General of Social Forestry and Environment Partnership of MOEF are supported by sufficient staff for the present work load. Additional work load such as the one from the project would be only a little additional burden for them. The available office equipment is adequate. Understanding of foreign procurement guidelines and procedures, especially those from ADB is low due to low level of English proficiency.

87. ULP of West Kalimantan province and PMU of the provincial office of MOEF are not supported by sufficient number of staff for the present work load. Their qualification is also low. Additional workload such as the one from this project would be additional burden for them and additional qualified staff should be considered. The available office equipment is still lacking. Understanding of foreign procurement guidelines and procedures, especially those from ADB are low due to the low level of English proficiency.

88. ULP Kabupaten Kapuas Hulu and Sintang and PMU of the district office of MOEF are supported by sufficient staff for the present work load. Additional work load such as the one from this project would be additional burden for them. Additional qualified staff should be considered. The available office equipment is still lacking. Understanding of foreign procurement guidelines and procedures, especially those from ADB are low due to the low level of English proficiency.

89. These weaknesses have to be solved immediately as in this era of Asean Economic Community mastering English is one of the basic requirements.

90. Further, the procurement staff should always be encouraged to improve their skills and knowledge so that they are more professional. Further training in procurement, not only in the aspect of regulation, but also in a more practical aspect is required. This kind of training may be requested to LKPP or to a consulting firm that is working on this under the Program of the Millennium Challenge Account for Indonesia (MCA-I).

91. Having professional procurement staff will result in obtaining goods, works, and consulting services of better quality with a lower cost. Eventually, this would be a valuable contribution to the nation.

## APPENDIX 1: PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

### UNIT LAYANAN PENGADAAN (ULP) Kementerian Lingkungan Hidup dan Kehutanan

Name: Suwardi

Address: ManggalaWanabakti Building, 14<sup>th</sup> Floor, Jakarta

PERTANYAAN		RESPONSE	RISK <sup>12</sup>
<b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>			<b>Low</b>
<b>PROCUREMENT DEPARTMENT/UNIT</b>			<b>Low</b>
A.1	Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Yes	
A.2	Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Yes. At the 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor of Main Building	
A.3	If yes, what type of procurement does it undertake?	Procurement of works/goods of more than Rp200 million and consultant service of more than Rp50 million	
A.4	How many years' experience does the head of the procurement department/unit have in a direct procurement role?	Four years	
A.5	How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	10full time staff plus three seconded	
A.6	Do the procurement staff have a high level of English language proficiency (verbal and written)?	Medium level	
A.7	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Sufficient	
A.8	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Adequate	
A.9	Does the agency have, or have ready access to, a procurement training program?	Yes	
A.10	At what level does the department/unit report (to the head of agency, deputy etc.)?	-	
A.11	Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes. it is written in the Decree of the Secretary General of MOEF	
A.12	Is there a procurement process manual for goods and works?	Yes. In the form of a circular letter of the head of LKPP	
A.13	If there is a manual, is it up to date and does it cover foreign-assisted projects?	It does not cover foreign-assisted projects	
A.14	Is there a procurement process manual for consulting services?	Yes. In the form of circular letter of the head of LKPP	
A.15	If there is a manual, is it up to date and does it cover foreign-assisted projects?	It does not cover foreign-assisted projects	
<b>PROJECT MANAGEMENT UNIT</b>			<b>Low</b>
A.16	Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes.	

PERTANYAAN		RESPONSE	RISK <sup>12</sup>
A.17	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	It requires additional staff	
A.18	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes.	
A.19	Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	No.	
A.20	Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes.	
A.21	Do TORs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes.	
A.22	Who drafts the procurement specifications?	Staff of PPK	
A.23	Who approves the procurement specifications?	PPK	
A.24	Who in the PMU has experience in drafting bidding documents?	Staff of PPK	
A.25	Are records of the sale of bidding documents immediately available?	Yes.	
A.26	Who identifies the need for consulting services requirements?	PPK	
A.27	Who drafts the Terms of Reference (TOR)	PPK	
A.28	Who prepares the request for proposals (RFPs)	PPK	
<b>B.</b>	<b>Information Management</b>		<b>Low</b>
B.1	Is there a referencing system for procurement files?	Yes	
B.2	Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Yes.	
B.3	Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes.	
B.4	Are copies of bids or proposals retained with the evaluation?	Yes.	
B.5	Are copies of the original advertisements retained with the pre contract papers?	Yes.	
B.6	Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes.	
B.7	Are copies of invoices included with the contract papers?	Yes.	
B.8	Is the agency's record keeping function supported by IT?	Yes.	
<b>C. Procurement Practices</b>			<b>Low</b>
<b>Goods and Works</b>			<b>Low</b>
C.1	Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Yes. Procurement of machine from China	
C.2	If the answer is yes, what were the major challenges faced by the agency?	Yes. Late delivery due to a long Imlek	
C.3	Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes	
C.4	Is there a minimum period for the preparation of bids and if yes, how long?	Yes	
C.5	Are all queries from bidders replied to in writing?	Yes	
C.6	Does the bidding document state the date and time of bid opening?	Yes	
C.7	Are bids opened in public?	Yes	
C.8	Can late bids be accepted?	No	

PERTANYAAN		RESPONSE	RISK <sup>12</sup>
C.9	Can bids (except late bids) be rejected at bid opening?	No	
C.10	Are minutes of the bid opening taken?	Yes	
C.11	Are bidders provided a copy of the minutes?	Yes	
C.12	Are the minutes provided free of charge?	Yes	
C.13	Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Bidding Committee	
C.14	What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Certificate in procurement	
C.15	Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Yes	
C.16	Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	-	
C.17	Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	
C.18	Are there established goods receiving procedures?	Yes	
C.19	Are all goods that are received recorded as assets or inventory in a register?	Yes	
C.20	Is the agency/procurement department familiar with letters of credit?	Yes	
C.21	Does the procurement department register and track warranty and latent defects liability periods?	Yes	
<b>Consulting services</b>			<b>Low</b>
C.22	Has the agency undertaken foreign assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. Procurement of consultant of about Rp700 million	
C.23	If the above answer is yes, what were the major challenges?	None	
C.24	Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes	
C.25	Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes	
C.26	What criteria are used to evaluate EOIs?	Written in the RFP	
C.27	Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS	
C.28	Do firms have to pay for the RFP document?	Yes	
C.29	Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	
C.30	Are pre-proposal visits and meetings arranged?	Yes	
C.31	Are minutes prepared and circulated after pre-proposal meetings?	Yes	
C.32	To whom are the minutes distributed?	The bidders	
C.33	Are all queries from consultants answered/addressed in writing?	Yes	
C.34	Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	Yes	
C.35	Are proposal securities required?	No	
C.36	Are technical proposals opened in public?	No	
C.37	Are minutes of the technical opening distributed?	No	
C.38	Who determines the final technical ranking and how?	Bidding Committee	
C.39	Are the technical scores sent to all firms?	Yes	
C.40	Are the financial proposal opened in public?	Yes	

PERTANYAAN		RESPONSE	RISK <sup>12</sup>
C.41	Are minutes of the financial opening distributed?	Yes	
C.42	How is the financial evaluation completed?	-	
C.43	Are face to face contract negotiations held?	Yes	
C.44	How long after financial evaluation is negotiation held with the selected firm?	Soon	
C.45	What is the usual basis for negotiation?	Owner's estimate	
C.46	Are minutes of negotiation taken and signed?	Yes	
C.47	How long after negotiation is the contract signed, on average?	Soon	
C.48	Is there an evaluation system for measuring the outputs of consultants?	Yes	
<b>Payments</b>			<b>Low</b>
C.49	Are advance payments made?	Yes	
C.50	What is the standard period for payment included in contracts?	28 days	
C.51	On average, how long is it between receiving a firm's invoice and making payment?	2 days	
C.52	When late payment is made, are the beneficiaries paid interest?	Yes	
<b>D.EFFECTIVENESS</b>			<b>Low</b>
D.1	Is contractual performance systematically monitored and reported?	Yes	
D.2	Does the agency monitor and track its contractual payment obligations?	Yes	
D.3	Is a complaints resolution mechanism described in national procurement documents?	Yes	
D.4	Is there a formal non-judicial mechanism for dealing with complaints?	No	
D.5	Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	
<b>E. ACCOUNTABILITY MEASURES</b>			<b>Moderate</b>
E.1	Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	
E.2	Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	
E.3	Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	
E.4	Who approves procurement transactions, and do they have procurement experience and qualifications?	PPK	
E.5	Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		
	a) Bidding document, invitation to pre-qualify or RFP	PPK	
	b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	PPK	
	c) Evaluation reports	PPK	
	d) Notice of award	Bidding Committee	
	e) Invitation to consultants to negotiate	Bidding Committee	
	f) Contracts	PPK	
E.6	Is the same official responsible for: Authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No	
E.7	Is there a written auditable trail of procurement decisions attributable to individuals & committees?	Yes	

## APPENDIX 2: PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

### Unit Layanan Pengadaan (Ulp) Dinas Kehutananprovinsi Kalimantan Barat

Project Name: Community-Focused Investments to Address Deforestation and Forest Degradation

Date: 30 March 2015 and 10 April 2015

Interviewer: Emi Roslindadan Gunawan Wibisana

1. Head of ULP: Djawani Mochbar, 0812 572 3142, [ulp@kalbarprov.go.id](mailto:ulp@kalbarprov.go.id)
2. Kasubag TU: DedyShopiardi, SSTp, 0852 4500 4535, [ulp@kalbarprov.go.id](mailto:ulp@kalbarprov.go.id), [daddy\\_raka@yahoo.co.id](mailto:daddy_raka@yahoo.co.id)
3. Ka. Pokja: Mohammad Sadikin, S. Sos, 0852 4563 2199, [sadikin960@gmail.com](mailto:sadikin960@gmail.com)

QUESTION		RESPONSE	RISK
<b>A</b>	<b>ORGANIZATIONAL AND STAFF CAPACITY</b>		<b>High</b>
<b>PROCUREMENT DEPARTMENT/UNIT</b>			<b>High</b>
A.1	Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	ULP is formed/established under the rules of the Governor No. 62/2013 dated 4 November 2013. Updated governor Regulation No. 24/2015 dated March 11, 2015 (effective in 2015, procurement>Rp 200 million,>Rp 50 million.	ULP Prov. Kalimantan Barat has no experiences in procurement but ULP staff has procurement experiences in their previous institution.
A.2	Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Currently located in the complex of the governor's office, Jl. Ahmad Yani (Complex Office of the Governor of West Kalimantan Province, tel (0561) 736 541, (0561) 745 823, Email: <a href="mailto:ulp@kalbarprov.go.id">ulp@kalbarprov.go.id</a> , Pontianak	Permanent building but needs more office space due to the procurement activities to be conducted.
A.3	If yes, what type of procurement does it undertake?	Has not made procurement yet due to a new ULP established at the end of 2014. Previous procurement conducted in each SKPD services.	
A.4	How many years' experience does the head of the procurement department/unit have in a direct procurement role?	2014 = form of PLT (leader), still attached at SKPD 2015 = effective	
A.5	How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	Government employee = 10, from 1 April 2015 plus 5 people. Honoree = 3 Functional (managing the procurement of goods and services)	In connection with the large number of procurement activities in Kalimantan Barat Province, it is necessary to add procurement staff.
A.6	Do the procurement staffs have a high level of English language proficiency (verbal and written)?	Not available	
A.7	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Less, ideally 40 people	
A.8	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Already but workspace not available because ULP is a new unit. PC = 10 units, laptop = 5 units, 10 units of printers. Internet connection is still a part to LPSE (electronic Procurement Service).	

QUESTION		RESPONSE	RISK
A.9	Does the agency have, or have ready access to, a procurement training program?	One? In the Province Training Agency.	Access to LKPP (Public Procurement Agency). PBJ training held in Jakarta.
A.10	At what level does the department/unit report (to the head of agency, deputy etc.)?	Directly to the Governor through the Regional Secretary	
A.11	Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?		
A.12	Is there a procurement process manual for goods and works?	Yes, based on Permenpan - RB No. 77 In 2012, the Joint Regulations (decree) Head LKPP and head BKN No. 1/2013 and No. 14/2013 . There is a corresponding Presidential Decree No. 4/2015 on the fourth change on perpres no. 54/2010 on the procurement of government goods/services.	
A.13	If there is a manual, is it up to date and does it cover foreign-assisted projects?	in process	
A.14	Is there a procurement process manual for consulting services?	See A.12	
A.15	If there is a manual, is it up to date and does it cover foreign-assisted projects?	In process	
<b>PROJECT MANAGEMENT UNIT</b>			<b>High</b>
A.16	Is there a fully (or almost fully) staffed PMU for this project currently in place?	Only for the auction process, after the winner is announced, staff returned to SKPD	
A.17	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Not enough/ ideal number of personnel.	
A.18	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes, but not maximized	
A.19	Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	In the process	
A.20	Does the agency follow the national procurement law, procurement processes, and guidelines?	See item A.12	
A.21	Do TORs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	In process	
A.22	Who drafts the procurement specifications?	Local Work Unit	
A.23	Who approves the procurement specifications?	Local Work Unit	
A.24	Who in the PMU has experience in drafting bidding documents?	Third party. The working group/ task force	
A.25	Are records of the sale of bidding documents immediately available?	Tender documents are not for sale, they can be downloaded from the internet	

QUESTION		RESPONSE	RISK
A.26	Who identifies the need for consulting services requirements?	Local Working Unit prepares RUP (Proposed Procurement Plan).	
A.27	Who drafts the Terms of Reference (TOR)	Local Working Unit	
A.28	Who prepares the request for proposals (RFPs)	Local Working Unit	
<b>B.</b>	<b>INFORMATION MANAGEMENT</b>		<b>High</b>
B.1	Is there a referencing system for procurement files?	Not available	Automatically recorded in e-procurement system
B.2	Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Not available	
B.3	Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	In process	
B.4	Are copies of bids or proposals retained with the evaluation?	In process	
B.5	Are copies of the original advertisements retained with the pre-contract papers?	In process	
B.6	Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	In process	
B.7	Are copies of invoices included with the contract papers?	In process	
B.8	Is the agency's record keeping function supported by IT?	In process	
<b>C.</b>	<b>PROCUREMENT PRACTICES</b>		<b>High</b>
<b>Goods and Works</b>			<b>High</b>
C.1	Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Not available	
C.2	If the answer is yes, what were the major challenges faced by the agency?	---	
C.3	Is there a systematic process to identify procurement requirements (for a period of one year or more)?	In process	
C.4	Is there a minimum period for the preparation of bids and if yes, how long?	In process	
C.5	Are all queries from bidders replied to in writing?	Yes, answered in writing/minutes of meeting	
C.6	Does the bidding document state the date and time of bid opening?	Yes	
C.7	Are bids opened in public?	Yes, on line	
C.8	Can late bids be accepted?	There has been no case	

QUESTION		RESPONSE	RISK
C.9	Can bids (except late bids) be rejected at bid opening?	In process	
C.10	Are minutes of the bid opening taken?	In process	
C.11	Are bidders provided a copy of the minutes?	In process	
C.12	Are the minutes provided free of charge?	In process	
C.13	Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Working group	
C.14	What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Evaluator should have procurement certificate	
C.15	Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Working group	
C.16	Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	Not available	
C.17	Are there processes in place for the collection and clearance of cargo through ports of entry?	In process	
C.18	Are there established goods receiving procedures?	In process	
C.19	Are all goods that are received recorded as assets or inventory in a register?	In process	
C.20	Is the agency/procurement department familiar with letters of credit?	In process	
C.21	Does the procurement department register and track warranty and latent defects liability periods?	In process	
<b>Consulting Services</b>			<b>High</b>
C.22	Has the agency undertaken foreign assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	No?	
C.23	If the above answer is yes, what were the major challenges?	---	
C.24	Are assignments and invitations for expressions of interest (EOIs) advertised?	---	
C.25	Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	---	
C.26	What criteria are used to evaluate EOIs?	---	
C.27	Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	---	
C.28	Do firms have to pay for the RFP document?	---	
C.29	Do the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	---	
C.30	Are pre-proposal visits and meetings arranged?	---	

QUESTION		RESPONSE	RISK
C.31	Are minutes prepared and circulated after pre-proposal meetings?	---	
C.32	To whom are the minutes distributed?	---	
C.33	Are all queries from consultants answered/addressed in writing?	---	
C.34	Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	---	
C.35	Are proposal securities required?	---	
C.36	Are technical proposals opened in public?	---	
C.37	Are minutes of the technical opening distributed?	---	
C.38	Who determines the final technical ranking and how?	---	
C.39	Are the technical scores sent to all firms?	---	
C.40	Are the financial proposal opened in public?	---	
C.41	Are minutes of the financial opening distributed?	---	
C.42	How is the financial evaluation completed?		
C.43	Are face to face contract negotiations held?		
C.44	How long after financial evaluation is negotiation held with the selected firm?	---	
C.45	What is the usual basis for negotiation?	---	
C.46	Are minutes of negotiation taken and signed?	---	
C.47	How long after negotiation is the contract signed, on average?	---	
C.48	Is there an evaluation system for measuring the outputs of consultants?	---	
<b>Payments</b>			<b>High</b>
C.49	Are advance payments made?	Not available	
C.50	What is the standard period for payment included in contracts?	Yes	
C.51	On average, how long is it between receiving a firm's invoice and making payment?	---	
C.52	When late payment is made, are the beneficiaries paid interest?	---	
<b>D. EFFECTIVENESS</b>			<b>Moderate</b>
D.1	Is contractual performance systematically monitored and reported?	Periodically reported to the Regional Secretary (Secretary) per month	
D.2	Does the agency monitor and track its contractual payment obligations?	Already in SKPD/Local Working Unit respectively.	
D.3	Is a complaints resolution mechanism described in national procurement documents?	In the process of objection ( 35 working days)	
D.4	Is there a formal non-judicial mechanism for dealing with complaints?	Still in learning phase	

QUESTION		RESPONSE	RISK
D.5	Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	For now there is none because the unit is newly formed	
<b>E. ACCOUNTABILITY MEASURES</b>			<b>Moderate to Substantial</b>
E.1	Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	In process	
E.2	Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	In process	
E.3	Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	
E.4	Who approves procurement transactions, and do they have procurement experience and qualifications?	At least have procurement certificate.	
E.5	Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		
	a) Bidding document, invitation to pre-qualify or RFP	Prepared by ULP/Procurement Service Unit	
	b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	ULP/Procurement Service Unit	
	c) Evaluation reports	ULP/Procurement Service Unit	
	d) Notice of award	ULP/Procurement Service Unit	
	e) Invitation to consultants to negotiate	ULP/Procurement Service Unit	
	f) Contracts	Local Working Unit	
E.6	Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	ULP/Procurement Service Unit (by on line)	
E.7	Is there a written auditable trail of procurement decisions attributable to individuals and committees?	No	

### APPENDIX 3. PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

#### Unit Layanan Pengadaan (Ulp) Dinas Kehutanan Kabupaten Kapuas Hulu Provinsi Kalimantan Barat

Head of ULP Kapuas Hulu: HM Mauludin, S.Ip, M.Si  
 KasubagULP : Drs. Junaidi (082153955688)  
 ULP Kapuas Hulu Office, Jln. Antasari No. 02  
 Telp (0567) 21003-21252-21402-21403, Fax (0567) 21397- 21406  
 Putussibau 78711

QUESTION		RESPONSES	RISK
<b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>			<b>Low</b>
<b>PROCUREMENT DEPARTMENT/UNIT</b>			<b>Low</b>
	Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Still ad hoc	
A.2	Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Secretariat of the Regional Secretariat of the ULP in Kapuas Hulu	
A.3	If yes, what type of procurement does it undertake?	Construction, consulting and goods.	
A.4	How many years' experience does the head of the procurement department/unit have in a direct procurement role?	More than 10 years	
A.5	How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	30 full time staff	
A.6	Do the procurement staffs have a high level of English language proficiency (verbal and written)?	Not yet	
A.7	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Enough	
A.8	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Still less, 2 Units Pc, 2 Units laptops, 2 Units printers, internet 2 MHz . Less work space , Need extra 5x6 = 30 m2 Through the Regional Secretary of the regent.	
A.9	Does the agency have, or have ready access to, a procurement training program?	Yes, 2 ULP staff follows PBJ Training in Jakarta every month.	
A.10	At what level does the department/unit report (to the head of agency, deputy etc.)?	Through the Regional Secretary of the regent.	
A.11	Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical	No SOP (being prepared) .	

QUESTION		RESPONSES	RISK
	requirements and career routes?		
A.12	Is there a procurement process manual for goods and works?	Regulations of LKPP Technical Guidance about PBJ.	
A.13	If there is a manual, is it up to date and does it cover foreign-assisted projects?	---	
A.14	Is there a procurement process manual for consulting services?	Public Work and LKPP Technics.	
A.15	If there is a manual, is it up to date and does it cover foreign-assisted projects?	---	
<b>PROJECT MANAGEMENT UNIT</b>			<b>Low</b>
A.16	Is there a fully (or almost fully) staffed PMU for this project currently in place?	No	
A.17	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Enough	
A.18	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	
A.19	Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	No	
A.20	Does the agency follow the national procurement law, procurement processes, and guidelines?	No	
A.21	Do TORs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	
A.22	Who drafts the procurement specifications?		
A.23	Who approves the procurement specifications?	Budget users	
A.24	Who in the PMU has experience in drafting bidding documents?		
A.25	Are records of the sale of bidding documents immediately available?	Yes, can be downloaded on the internet.	
A.26	Who identifies the need for consulting services requirements?	Official Commitments Maker	
A.27	Who drafts the Terms of Reference (TOR)?	Official Commitments Maker	
A.28	Who prepares the request for proposals (RFPs)?	Official Commitments Maker	
<b>B</b>	<b>INFORMATION MANAGEMENT</b>		<b>Moderate</b>
B.1	Is there a referencing system for procurement files?	Regulation of Regents of the ULP.	
B.2	Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Not centralized.	
B.3	Does the agency adhere to a document retention policy (i.e.	No documentation/special archives because there is	

QUESTION		RESPONSES	RISK
	for what period are records kept)?	no special room including filing cabinet.	
B.4	Are copies of bids or proposals retained with the evaluation?	Yes, bound in the contract documents.	
B.5	Are copies of the original advertisements retained with the pre-contract papers?	Yes	
B.6	Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	
B.7	Are copies of invoices included with the contract papers?	Yes	
B.8	Is the agency's record keeping function supported by IT?	No	
<b>C</b>	<b>PROCUREMENT PRACTICES</b>		<b>Low to Moderate</b>
	<b>Goods and Works</b>		<b>Low to Moderate</b>
C.1	Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Never before	
C.2	If the answer is yes, what were the major challenges faced by the agency?	-	
C.3	Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes through the village and sub-district level musrenbang/ development planning discussion	
C.4	Is there a minimum period for the preparation of bids and if yes, how long?	No	
C.5	Are all queries from bidders replied to in writing?	Yes, it is online	
C.6	Does the bidding document state the date and time of bid opening?	Yes	
C.7	Are bids opened in public?	No, online in the internet	
C.8	Can late bids be accepted?	No	
C.9	Can bids (except late bids) be rejected at bid opening?	Yes , if the proposal/bidding document is incomplete	
C.10	Are minutes of the bid opening taken?	Yes	
C.11	Are bidders provided a copy of the minutes?	Yes	
C.12	Are the minutes provided free of charge?	Yes, online	
C.13	Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	The Working Group consists of five staff	
C.14	What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Should already pass PBJ training certification.	
C.15	Is the decision of the evaluators final or is the evaluation subject to additional approvals?	yes	
C.16	Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	Rebuttal party 2	
C.17	Are there processes in place for the collection and clearance of cargo through ports of entry?	Work Results Receiver Officials	
C.18	Are there established goods receiving procedures?	Yes	

QUESTION		RESPONSES	RISK
C.19	Are all goods that are received recorded as assets or inventory in a register?	Yes, noted/recorded by SKPDs /regional work units.	
C.20	Is the agency/procurement department familiar with letters of credit?	1-3 % bid security , guarantees payment of 20 % , 5 % performance bond	
C.21	Does the procurement department register and track warranty and latent defects liability periods?	Yes	
	<b>Consulting Services</b>		<b>Low to Moderate</b>
C.22	Has the agency undertaken foreign assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Never before	
C.23	If the above answer is yes, what were the major challenges?	-	
C.24	Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes, via internet	
C.25	Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	yes	
C.26	What criteria are used to evaluate EOIs?	TOR	
C.27	Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	Technical evaluation of the lowest cost	
C.28	Do firms have to pay for the RFP document?	No, tender documents can be downloaded	
C.29	Do the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	
C.30	Are pre-proposal visits and meetings arranged?	No	
C.31	Are minutes prepared and circulated after pre-proposal meetings?	Yes	
C.32	To whom are the minutes distributed?	All bidders?	
C.33	Are all queries from consultants answered/addressed in writing?	Yes	
C.34	Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	LPSE system (system of procurement of goods and services electronically) who managed by LPSE ( Electronic Procurement Service )	
C.35	Are proposal securities required?	Yes	
C.36	Are technical proposals opened in public?	Via internet	
C.37	Are minutes of the technical opening distributed?	Yes directly uploaded	
C.38	Who determines the final technical ranking and how?	Working Group, in the meeting results.	
C.39	Are the technical scores sent to all firms?	Can only be seen by those who follow the bidding.	
C.40	Are the financial proposal opened in public?	Not opened in public.	
C.41	Are minutes of the financial opening distributed?	Yes	
C.42	How is the financial evaluation completed?	Take lowest bid after graduating/passing administrative and technical proposal.	
C.43	Are face to face contract negotiations held?	No.	

QUESTION		RESPONSES	RISK
C.44	How long after financial evaluation is negotiation held with the selected firm?	Two days after cost proposal	
C.45	What is the usual basis for negotiation?	Technical and cost	
C.46	Are minutes of negotiation taken and signed?	Yes, with the minutes	
C.47	How long after negotiation is the contract signed, on average?	Less than 14 days	
C.48	Is there an evaluation system for measuring the outputs of consultants?	Yes	
<b>Payments</b>			<b>Low to Moderate</b>
C.49	Are advance payments made?	Yes	
C.50	What is the standard period for payment included in contracts?	Yes.	
C.51	On average, how long is it between receiving a firm's invoice and making payment?	Maximum 14 days.	
C.52	When late payment is made, are the beneficiaries paid interest?	No.	
<b>D.EFFECTIVENESS</b>			<b>Low</b>
D.1	Is contractual performance systematically monitored and reported?	Yes, to budget user	
D.2	Does the agency monitor and track its contractual payment obligations?	Yes	
D.3	Is a complaints resolution mechanism described in national procurement documents?	Yes	
D.4	Is there a formal non-judicial mechanism for dealing with complaints?	Complaints addressed to the APIP / inspectorates, Government Internal Supervisory Apparatus	
D.5	Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	
<b>E. ACCOUNTABILITY MEASURES</b>			<b>Moderate to Substantial</b>
E.1	Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	There is an integrity pact	
E.2	Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	yes	
E.3	Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	
E.4	Who approves procurement transactions, and do they have procurement experience and qualifications?	Official Commitments Maker	
E.5	Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		

QUESTION		RESPONSES	RISK
	a) Bidding document, invitation to pre-qualify or RFP	Working Group	
	b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Working Group	
	c) Evaluation reports	Working Group	
	d) Notice of award	Working Group	
	e) Invitation to consultants to negotiate	Working Group	
	f) Contracts	Official Commitments Maker	
E.6	Is the same official responsible for: (ii) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Authorities payment by budget users Invitation , documents and evaluation by Working Group Contract by Official Commitments Maker Prisoners of assets by budget users.	
E.7	Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	

## APPENDIX 4: PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

### UNIT LAYANAN PENGADAAN (ULP) KABUPATEN SINTANG PROVINSI KALIMANTAN BARAT

Hari/Tanggal: Jum'at, 7 November 2014

Pewawancara: Gnawing Wibisana

Kepala ULP KabSintang: Helmi, 0812 888 5445, [helmiulp@gmail.com](mailto:helmiulp@gmail.com)

	QUESTION	RESPONSE	RISK <sup>12</sup>
<b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>			Low to Moderate
<b>PROCUREMENT DEPARTMENT/UNIT</b>			
A.1	Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Yes, ULP Kab .Sintang established since November 2010. All activities of departments / agencies put together vertically to the ULP. B ULP head is responsible to the Regent through the Local Secretary.	
A.2	Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	ULP district office Sintang Jl. Pierre Tendean No. 1A, Sintang City.	
A.3	If yes, what type of procurement does it undertake?	Construction with a value > USD 200 million: the auction < USD 200 million direct procurement by procurement officials in accordance regulation 70/2012. Services and goods > USD 50M. Auction < USD 50 million	
A.4	How many years' experience does the head of the procurement department/unit have in a direct procurement role?	Helmi , head of ULP 24 years of experience in procurement of goods and works. ULP Sintang 4 years' experience.	
A.5	How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	Part-time = 15 staff (concurrent civil servants in departments). Support personnel = 6 staff.	
A.6	Do the procurement staffs have a high level of English language proficiency (verbal and written)?	Nobody speaks English.	
A.7	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Currently enough but there is no staff who has knowledge of ADB procurement.	
A.8	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Internet facilities available, but internet speed is only 8 MHz Computer/ Laptop = 7 units. Printer /copier etc. available.	
A.9	Does the agency have, or have ready access to, a procurement training program?	Yes. Access to LKPP (Public Procurement Agency). Ready to training PBJ. Only 5 ULP district staff in Sintang has been trained in PBJ in Jakarta.	
A.10	At what level does the department/unit report (to the head of agency, deputy etc.)?	Regent through the Local Secretary	

	QUESTION	RESPONSE	RISK <sup>12</sup>
A.11	Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Only SOPs (Standard Operating Procedures) in the SK Working Group of Regents.	
A.12	Is there a procurement process manual for goods and works?	There is no PBJ guidebook. Currently follow the standards / regulations of LKPP. (Perka 2012).	
A.13	If there is a manual, is it up to date and does it cover foreign-assisted projects?	No	
A.14	Is there a procurement process manual for consulting services?	Not available	
A.15	If there is a manual, is it up to date and does it cover foreign-assisted projects?	Not available	
<b>PROJECT MANAGEMENT UNIT</b>			
A.16	Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes	
A.17	Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Sufficient but needs to be added if necessary.	
A.18	Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Need additional facilities as present ones are not adequate.	
A.19	Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Not available; standard documents are only for projects in the country.	
A.20	Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes. Appropriate regulation NO. 70 year 2012 and amendments.	
A.21	Do TORs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	
A.22	Who drafts the procurement specifications?	Budget User and Official Commitment Maker	
A.23	Who approves the procurement specifications?	Working Group	
A.24	Who in the PMU has experience in drafting bidding documents?	Working Group	
A.25	Are records of the sale of bidding documents immediately available?	Currently bidding documents is not for sale	
A.26	Who identifies the need for consulting services requirements?	Official Commitment Maker	
A.27	Who drafts the Terms of Reference (TOR)	Official Commitment Maker	
A.28	Who prepares the request for proposals (RFPs)	Official Commitment Maker	
<b>B. INFORMATION MANAGEMENT</b>			Moderate
B.1	Is there a referencing system for procurement files?	There is Perka LKPP/ perpres 70.	
B.2	Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Documentation PBJ less than maximum.	

	QUESTION	RESPONSE	RISK <sup>12</sup>
B.3	Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes	
B.4	Are copies of bids or proposals retained with the evaluation?	Yes	
B.5	Are copies of the original advertisements retained with the pre contract papers?	Yes	
B.6	Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	
B.7	Are copies of invoices included with the contract papers?	Yes	
B.8	Is the agency's record keeping function supported by IT?	Yes	
<b>C. PROCUREMENT PRACTICES</b>			Low to moderate
<b>Goods and Works</b>			
C.1	Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Never	
C.2	If the answer is yes, what were the major challenges faced by the agency?	---	
C.3	Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes, through the village and kecamatan (musrenbang/consensus development plan)	
C.4	Is there a minimum period for the preparation of bids and if yes, how long?	35 calendar days	
C.5	Are all queries from bidders replied to in writing?	Yes	
C.6	Does the bidding document state the date and time of bid opening?	Yes	
C.7	Are bids opened in public?	Yes	
C.8	Can late bids be accepted?	No	
C.9	Can bids (except late bids) be rejected at bid opening?	Yes, if offer is incomplete.	
C.10	Are minutes of the bid opening taken?	Yes	
C.11	Are bidders provided a copy of the minutes?	Yes	
C.12	Are the minutes provided free of charge?	Free.	
C.13	Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Working Group, 3-5 people.	
C.14	What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Must have passed the certification of PBJ training by LKPP	
C.15	Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Usually the arithmetic correction.	
C.16	Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	Case construction of sub-health centers: Offer does not qualify. Incoming bids only 2 bidders. Re-advertise twice if below 3 bidders. Finally by direct appointment by SKPDs.	

	QUESTION	RESPONSE	RISK <sup>12</sup>
C.17	Are there processes in place for the collection and clearance of cargo through ports of entry?	By the auction committee. PPHP = recipient of the works committee.	
C.18	Are there established goods receiving procedures?	Yes	
C.19	Are all goods that are received recorded as assets or inventory in a register?	Yes. Recorded by the local work unit/SKPD.	
C.20	Is the agency/procurement department familiar with letters of credit?	1-3 % bid security, guarantees payment of 20 % , 5 % performance bond.	
C.21	Does the procurement department register and track warranty and latent defects liability periods?	Yes	
<b>Consulting Services</b>			
C.22	Has the agency undertaken foreign assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Never	
C.23	If the above answer is yes, what were the major challenges?	---	
C.24	Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes. Advertising via internet.	
C.25	Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes. 3-5 people	
C.26	What criteria are used to evaluate EOIs?	Appropriate to tender documents.	
C.27	Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS, as per the specifications of experts to TOR. Following government procurement regulations.	
C.28	Do firms have to pay for the RFP document?	Tender documents are free.	
C.29	Does the proposal evaluation criterion follow a pre-determined structure and is it detailed in the RFP?	Yes	
C.30	Are pre-proposal visits and meetings arranged?	Yes as needed.	
C.31	Are minutes prepared and circulated after pre-proposal meetings?	Yes	
C.32	To whom are the minutes distributed?	To bidders	
C.33	Are all queries from consultants answered/addressed in writing?	Yes /verbal and written	
C.34	Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	Yes	
C.35	Are proposal securities required?	Yes, but according to the rules requested.	
C.36	Are technical proposals opened in public?	Yes, according to auctions.	
C.37	Are minutes of the technical opening distributed?	Yes.	
C.38	Who determines the final technical ranking and how?	Working Group. The lowest value of qualified administrative, technical and price.	
C.39	Are the technical scores sent to all firms?	No	
C.40	Are the financial proposal opened in public?	Yes	
C.41	Are minutes of the financial opening distributed?	Yes	

	QUESTION	RESPONSE	RISK <sup>12</sup>
C.42	How is the financial evaluation completed?	Appropriate to tender documents.	
C.43	Are face to face contract negotiations held?	Yes, according to the rules.	
C.44	How long after financial evaluation is negotiation held with the selected firm?	Appropriate in the bidding documents at the time of explanation.	
C.45	What is the usual basis for negotiation?	Tender Documents.	
C.46	Are minutes of negotiation taken and signed?	Yes	
C.47	How long after negotiation is the contract signed, on average?	Maximum 14 days.	
C.48	Is there an evaluation system for measuring the outputs of consultants?	Yes	
<b>Payments</b>			
C.49	Are advance payments made?	Yes	
C.50	What is the standard period for payment included in contracts?	Yes	
C.51	On average, how long is it between receiving a firm's invoice and making payment?	Appropriate in the contract.	
C.52	When late payment is made, are the beneficiaries paid interest?	No	
<b>D.EFFECTIVENESS</b>			Low
D.1	Is contractual performance systematically monitored and reported?	Yes	
D.2	Does the agency monitor and track its contractual payment obligations?	Yes	
D.3	Is a complaints resolution mechanism described in national procurement documents?	Yes	
D.4	Is there a formal non-judicial mechanism for dealing with complaints?	Yes	
D.5	Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	
<b>E. ACCOUNTABILITY MEASURES</b>			Moderate to substantial
E.1	Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	
E.2	Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	
E.3	Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	Yes. Depends on SKPDs/ Official Commitment Maker complete auction terms.	
E.4	Who approves procurement transactions, and do they have procurement experience and qualifications?	Working Group, as of regulation.	
E.5	Which of the following actions require approvals outside the		

	QUESTION	RESPONSE	RISK <sup>12</sup>
	procurement unit or the evaluation committee, as the case may be, and who grants the approval?		
	a) Bidding document, invitation to pre-qualify or RFP	Working group	
	b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Working group	
	c) Evaluation reports	Working group	
	d) Notice of award	Working group	
	e) Invitation to consultants to negotiate	Working group	
	f) Contracts	Working group and Official Commitment Maker	
E.6	Is the same official responsible for: (iii) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Varies according to the project organization structure.	
E.7	Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	

## APPENDIX 5: PROCUREMENT RISKS ASSESSMENT AND MANAGEMENT PLAN

94. The ULPs have no experience in conducting procurement based on ADB's Guidelines. For ULP and PMU in West Kalimantan, only limited staff has attended a course in public procurement. The staff proficiency in English in ULPs/PMUS is also low. The training on the ADB's Procurement Guidelines and English course is, therefore, required.

95. In addition, to improve the understanding of the ULPs and PMUs staff in procurement skill other than just understanding the Presidential Regulation No.4/2015, on-the-job training in writing technical specifications and terms of reference, understanding factors influencing the preparation of cost estimate, understanding construction method and its alternatives, determining the appropriate bid evaluation method including their strengths and weaknesses, etc, is proposed. The Project may consult LKPP for this kind of training.

Procurement Risks	Year 1				Year 2	
	I	II	III	IV	I	II
English course		▬				
Training on ADB's Procurement Guidelines			- - - - -			
On the job training in writing specifications and term of reference		- - - - -				
On the job training in preparing cost estimate		- - - - -				
On the job training in bid evaluation method			- - - - -			
Construction of additional office space and procurement of additional office equipment (except MOEF)			▬			
Training of staff in regular public procurement conducted by LKPP (West Kalimantan only)			- - - - -			

## APPENDIX 6: PROCUREMENT PLAN

### A. Procurement Plan

#### 1. Basic Data

<b>Project Name:</b> Community-Focused Investments to Address Deforestation and Forest Degradation	
<b>Project Number:</b> 47084-002	<b>Approval Number:</b>
<b>Country:</b> Indonesia	<b>Executing Agency:</b> Ministry of Environment and Forestry
<b>Project Procurement Classification:</b> Category B	<b>Implementing Agency:</b> Directorate of Business Development for Social Forestry and Customary Forestry (BUPSHA) Directorate of Environmental Services Utilization of Conservation Forest (PJLHK); Directorate of Production Forest Management Unit (KPHP) Procurement Service Unit (PSU): (i) MOEF; (ii) West Kalimantan Province (Kalbar); (iii) Sintang; and (iv) Kapuas Hulu
<b>Project Procurement Risk:</b> Low	
<b>Project Financing Amount:</b> <b>ADB Financing:</b> <b>Cofinancing (ADB Administered):</b> US\$ 17,000,000 <b>Non-ADB Financing:</b> US\$ 1,700,000	<b>Project Closing Date:</b> 30 June 2022
<b>Date of First Procurement Plan:</b> 13 April 2016	<b>Date of this Procurement Plan:</b> 13 April 2016

#### 2. Methods, Thresholds, Review and 18-Month Procurement Plan

##### a. Procurement and Consulting Methods and Thresholds

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
National Competitive Bidding for Goods	Between US\$ 100,001 and US\$ 5,000,000	PSU to procure all packages. Prior review for the first contract per district, subsequent contracts for post review.
National Competitive Bidding for Works	Between US\$ 100,001 and US\$ 10,000,000	PSU to procure all packages. Prior review for the first contract per district subsequent contracts post review.
Shopping for Goods	Up to US\$ 100,000	Post review.
Shopping for Works	Up to US\$ 100,000	Post review.
Direct Contracting for Goods	Up to US\$ 3,000	The EA and IAs may purchase the items directly from suppliers, and in such cases, ADB should be satisfied that the price paid is reasonable.
Consulting Services		
Method	Comments	
Quality- and Cost-Based Selection for Consulting Firm	Prior review. Quality-cost ratio of 90:10 and full technical proposal.	
Individual Consultants Selection for Individual Consultants	In accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Per need basis, for technical experts to address gaps identified later in the project.	

### 3. Goods and Works Contracts Estimated to Cost \$1 Million or More

2. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
GDS-002a	Agroforestry in 5 villages in FMU Kapuas Hulu (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,785,000	NCB	Prior	1S1E	Q1 / 2017	Prequalification of Bidders: N Advance Contracting: N Bidding Document: Goods
GDS-002b	Agroforestry in 4 villages in FMU Kapuas Hulu (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,441,000	NCB	Post	1S1E	Q1 / 2017	Prequalification of Bidders: N Advance Contracting: N Bidding Document: Goods
GDS-003	Assisted Natural regeneration in FMU Kapuas Hulu (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,229,000	NCB	Post	1S1E	Q1 / 2017	Prequalification of Bidders: N Advance Contracting: N Bidding Document: Goods
GDS-004	Livelihood activities in FMU Kapuas Hulu (including materials e.g. water facilities, road rehabilitation, micro-hydro and engagement of community for labor.)	1,415,000	NCB	Post	1S1E	Q1 / 2017	Prequalification of Bidders: N Advance Contracting: N Bidding Document: Goods
GDS-005	Agroforestry, assisted natural regeneration and livelihood activities in FMU Block XXI (including materials e.g. water facilities, road rehabilitation, seeds, fertilizers)	1,069,000	NCB	Post	1S1E	Q3 / 2017	Prequalification of Bidders: N Advance Contracting: N Bidding Document: Goods
GDS-006	Agroforestry and rubber cultivation in FMU Sintang (including materials e.g. seedlings, fertilizer and engagement of community for labor.)	1,836,000	NCB	Prior	1S1E	Q1 / 2017	Prequalification of Bidders: N Advance Contracting: N Bidding Document: Goods

**4. Consulting Services Contracts Estimated to Cost \$100,000 or More**

3. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
CS-GMIC-01	Project Implementation Supporting Unit (PISU)	3,220,000	QCBS	Prior	Q4 / 2016	FTP	Assignment: International  Quality-Cost Ratio: 90:10  Advance Contracting: Y  Comments: Mostly national inputs.

**5. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)**

4. The following table lists smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
GDS-007	Agroforestry and livelihood activities in FMU - Natural Park Betung Kerihun	713,000	1	NCB	Post	1S1E	Q3 / 2017	Prequalification of Bidders: N  Advanced Contracting: N  Bidding Document: Goods

GDS-008	Livelihood activities in Sintang- e.g. water facilities, road rehabilitation, micro-hydro and engagement of community for labor.)	855,000	1	NCB	Post	1S1E	Q1 / 2017	Prequalification of Bidders: N  Advanced Contracting: N  Bidding Document: Goods
KAL-GDS-002	Office equipment (including computer equipment, software, video conference, communication and maintenance service)	134,000	2	SHOPPING	Post		Q4 / 2016	Advanced Contracting: Y
KAL-GDS-003	Vehicles (cars, motorbikes and speedboats	288,000	3	SHOPPING	Post		Q1 / 2017	Advanced Contracting: N
KAL-GDS-004	GIS equipment, software and maintenance service	90,000	2	SHOPPING	Post		Q3 / 2017	Advanced Contracting: N

## 6. Indicative List of Packages Required Under the Project

5. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
KAL-GDS-001	Forest fire suppression equipment	1,330,000	1	NCB	Post	1S1E	Prequalification of Bidders: N  Bidding Document: Goods

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Type of Proposal	Comments
ICS	Individual Technical Experts	355,000	3	ICS	Prior	N/A	

## Climate Risk Assessment and Management

### I. BASIC PROJECT INFORMATION

<b>Project Title:</b> Community-Focused Investments to Address Deforestation and Forest Degradation
<b>Project Budget:</b> US\$ 18.7 million (\$17 million from Forest Investment Program and \$1.7 million equivalent from the government, mainly through exemption of taxes and duties)
<b>Location:</b> Kapuas Hulu and Sintang districts, West Kalimantan Province
<b>Sector:</b> Agriculture, natural resources and rural development
<b>Subsector:</b> Forestry - Land-based natural resources management
<b>Themes:</b> environmentally sustainable growth, inclusive economic growth, regional integration
<p><b>Brief Description</b></p> <p>Deforestation, forest degradation and peat decomposition account for up to 60% greenhouse gas (GHG) emissions in Indonesia. Continued forest degradation will deplete key ecological functions for agriculture, which would particularly affect the rural poor and reduce their resilience to climate change impacts. As forests cover 70% of Indonesia's land area, the country's ambition to reduce GHG emissions by 29% from business as usual levels by 2030 can be achieved only by protecting its forests. The importance of forest protection to combat climate change is also a key feature in the recently concluded Paris Agreement. Efforts to reduce forest loss and promote sustainable forest management are also critical to achieve sustainable development.</p> <p>In West Kalimantan, forests play an important role in the economic development and environmental sustainability of the province. Within the province, the districts of Sintang and Kapuas Hulu hold the second and third largest state forest area, and form part of the Heart of Borneo region, where Brunei Darussalam, Malaysia and Indonesia collaborate to protect the natural resources. However, about 667,383 ha of forest area in the province was degraded in 2013 and around 3,356 ha lost mainly due to forest fires.</p> <p>To address key drivers of deforestation and forest degradation, the project will implement community-focused REDD+ activities (e.g., community-based land use planning, community-led forest monitoring and forest fire management, community-assisted forest regeneration and maintenance, community-based ecotourism) in five forest management units (FMUs) —four in Kapuas Hulu district,<sup>1</sup> and one in Sintang district. It will strengthen institutional and technical capacity of local governments, and provide support to harmonize sub-national fiscal policies on REDD+ with national policies, establish non-monetary incentives, and strengthen REDD+ monitoring and safeguards information systems.</p> <p>The expected impact will be increased environmental and livelihood benefits. The outcome will be improved REDD+ implementation in project areas of West Kalimantan province. The project forms a part of Indonesia's forest investment plan and will complement the Forest Investment Program (FIP) projects administered by the World Bank and International Finance Corporation, including the FIP Dedicated Grant Mechanism for Indigenous People and Local Communities, which supports capacity and institutional building aspects for the local communities.</p> <p>Climate change, manifested through increased temperature, low rainfall in dry season and high precipitation in wet season, is expected to increase the risk of forest fires, droughts, and floods respectively. Analysis of climate models suggests that a temperature increase of about 1.8°C</p>

<sup>1</sup> Two production FMUs and two conservation FMUs in Betung Kerihun and Danau Sentarum National Parks.

may lead to higher evapotranspiration, lower soil moisture, and periodic droughts, which will increase the stress in crops. Risk of forest fires is elevated during prolonged warm periods, promoting easier ignition and faster spread. Uncontrolled fires increases with forest clearance and impacts of climate change, including El Nino-induced droughts. Increased precipitation, on the other hand, increases the incidence of floods and landslides, aggravated by high rate of deforestation and forest degradation. The vulnerability rating for most of Kalimantan is medium, as per “BIMP-EAGA Climate Change Vulnerability Assessment” published by ADB in April 2015.

## II. SUMMARY OF CLIMATE RISK SCREENING AND ASSESSMENT

### A. Sensitivity of Project Component(S) to Climate/Weather Conditions and Sea Level

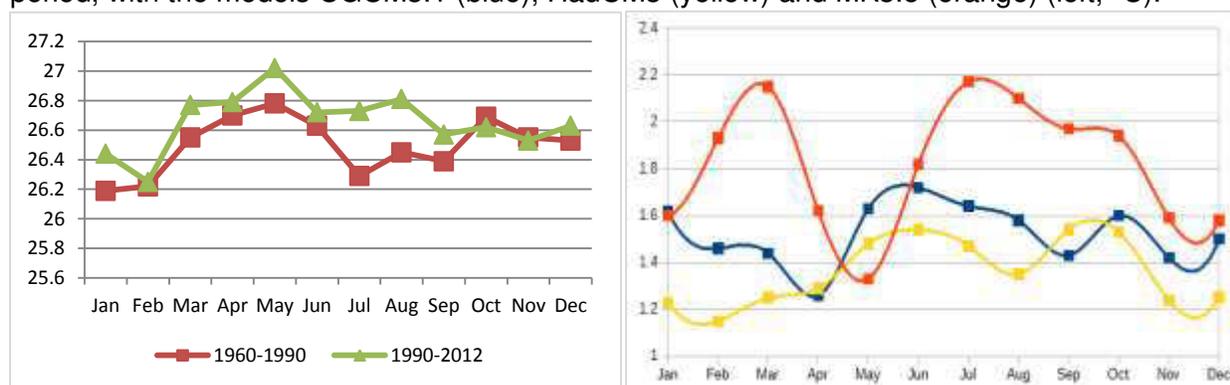
<p>Project outputs:</p> <ol style="list-style-type: none"> <li>1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.</li> <li>2. Provincial REDD+ strategy in West Kalimantan effectively implemented.</li> <li>3. Sub-national fiscal policies on REDD+ harmonized with national policies.</li> </ol>	<p>Sensitivity to climate conditions</p> <ol style="list-style-type: none"> <li>1. Activities under output 1 including (i) rehabilitating 6,000 ha of natural degraded forests through community-based assisted natural regeneration; (ii) bringing 1,880 ha of deforested land under improved community-based agroforestry systems (e.g., rubber and coffee, gaharu and coffee); (iii) formulating community-based forest management agreements between villages and FMUs to cover about 17,000 ha; (iv) protecting 5,000 ha of natural forests directly and 91,000 ha indirectly from fires through community-based fire management; (v) improving home garden systems to produce cash crops like kemiri sunan and dragon fruit; (vi) small-scale village industries and eco-tourism; and (vii) small-scale village infrastructure, including minor road improvement, electrification with solar panels and micro-hydro installations, and drinking water installations may be sensitive to the following climate/weather conditions: <ul style="list-style-type: none"> <li>• Increase in temperature increases the incidence of forest fires, influencing project decisions on selecting species with higher fire tolerance.</li> <li>• Increase in temperature may bring about increase in the potential for moisture deficit from higher evapotranspiration, periodic drought, and increased incidence of pests (molds, fungus, etc.) leading to stress in (tree) crops. Weather/climate conditions may influence project decisions with regards to the choice of improved (tree) crops for agroforestry, the selection of native species for assisted natural regeneration, introduction of crop diversity in home gardens, and diversification in other activities.</li> <li>• Increased precipitation can potentially increase the risk of flooding and landslides. The small-scale infrastructure activities may be potentially vulnerable to the increased risk or incidence of landslides and flooding. In particular, the construction of minor roads in sloping areas, micro-hydro installations and drinking water installations are vulnerable.</li> </ul> </li> </ol> <p>Outputs 2 &amp; 3 are not sensitive to climate/weather conditions as they are mainly policy-based interventions.</p>
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## B. Climate Risk Screening

### 1. Risk Topic and Description of the Risk

1. **Historical and projected changes in temperature.** Figure 1 shows an increase in the average monthly temperature from the period 1960-1990 to 1990-2012, and temperature variability relative to the baseline period of 1960-1999 calculated for the 2040-2059 period.

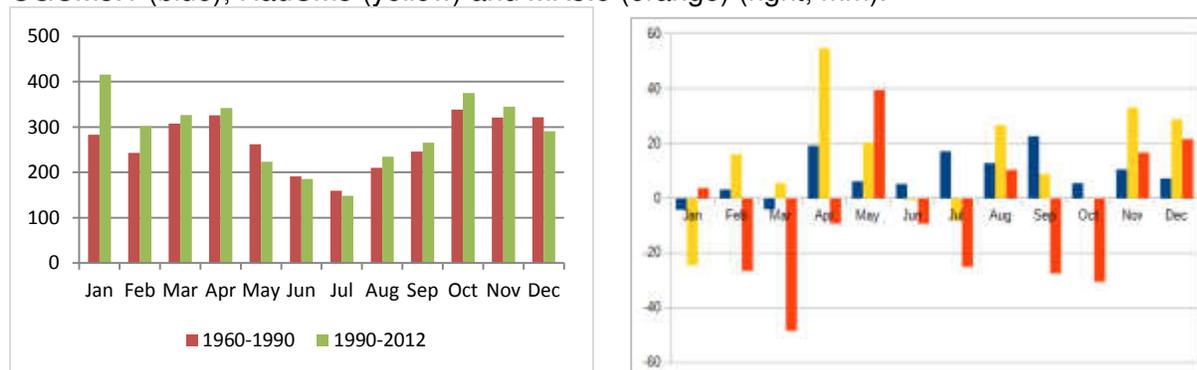
**Figure 1:** Historical monthly temperature from 1960-1990 and 1990-2012, and temperature variability using the A2<sup>2</sup> climate change scenario (2040-2059) relative to the 1960-1999 baseline period, with the models CGCM3.1 (blue), HadCM3 (yellow) and MK3.5 (orange) (left, °C).



Source: WorldBank Climate Change Knowledge Portal.

2. **Historical and projected changes in precipitation.** Figure 2 illustrates that average monthly precipitation particularly during the wet season has generally increased from the period 1960-1990 to 1990-2012. Precipitation variability relative to the baseline period of 1960-1999 calculated for the 2040-2059 period in West Kalimantan, are presented in the figure below:

**Figure 2:** Average monthly precipitation, and precipitation variability using the A2 climate change scenario (2040-2059) relative to the 1960-1999 baseline period, with the models CGCM3.1 (blue), HadCM3 (yellow) and MK3.5 (orange) (right, mm).



Source: WorldBank Climate Change Knowledge Portal.

<sup>2</sup> The A2 “storyline and scenario family describes a very heterogeneous world. The underlying theme is self-reliance and preservation of local identities. Fertility patterns across regions converge very slowly, which results in continuously increasing population. Economic development is primarily regionally oriented and per capita economic growth and technological changes are more fragmented and slower than other storylines”. (IPCC)

The climate models consulted do not show a significant correlation either in the temperature anomaly or the precipitation anomaly for the project area and the temporal horizon. However, in terms of the vulnerabilities identified by the AWARE risk screening tool, some potential impacts can be identified.

### C. Impact Assessment

3. **Temperature increase.** Predicted temperature increase of about 1.8°C increases the risk of forest fires. High atmospheric temperature dries leaves and twigs, allowing them to ignite and burn faster by the slightest spark, which adds to the spread of forest fires.

4. **Precipitation decrease in dry season.** The precipitation decrease during the dry season is not consistently predicted. The +35, +18, and -24 mm given by the CGCM3.1, HadCM3 and MK3.5 models, respectively, are inconclusive, but in combination with the predicted temperature increase, the potential stress in (tree) crops increases due to moisture deficit from higher evapotranspiration. Reduced precipitation exacerbates pressures on water availability and increases risk of drought conditions.

5. **Precipitation increase in wet season.** An increased risk of flooding and landslides is primarily related to increased precipitation. The CGCM3.1 and HadCM3 show an increase in annual precipitation of 102 and 161 mm, respectively, while the MK3.5 model shows an annual decrease in precipitation of 84 mm. The effect is more pronounced in the wet season (Sept-May) than in the dry season (Jun-Aug).

#### a) Vulnerability Assessment

6. An ADB study<sup>3</sup> generated multivariable exposure, sensitivity, and adaptive capacity index maps for BIMP-EAGA subregion. Figure 3 shows the climate change vulnerability maps for Kalimantan province. The exposure index map in Figure 3a shows high exposure to climate change in West Kalimantan. The climate change projection variables or indicators included in the exposure index mapping include average high temperature, consecutive dry days, 5-day rainfall, heat wave duration index, hot days temperature, hottest temperature, number of dry day periods, and wet day rainfall. All of the climate variables were normalized and the map is generated by assuming equal weights (12.5%) or equal degree of importance for all the variables.

7. The sensitivity index map in Figure 3b illustrates low to medium sensitivity of West Kalimantan to climate change. Sensitivity variables or indicators used were percent flood plain, multi-hazard economic loss risk, multi-hazard frequency, relative water stress index, and total population. The index map is generated by assuming equal weights (20%) for all sensitivity indicators.

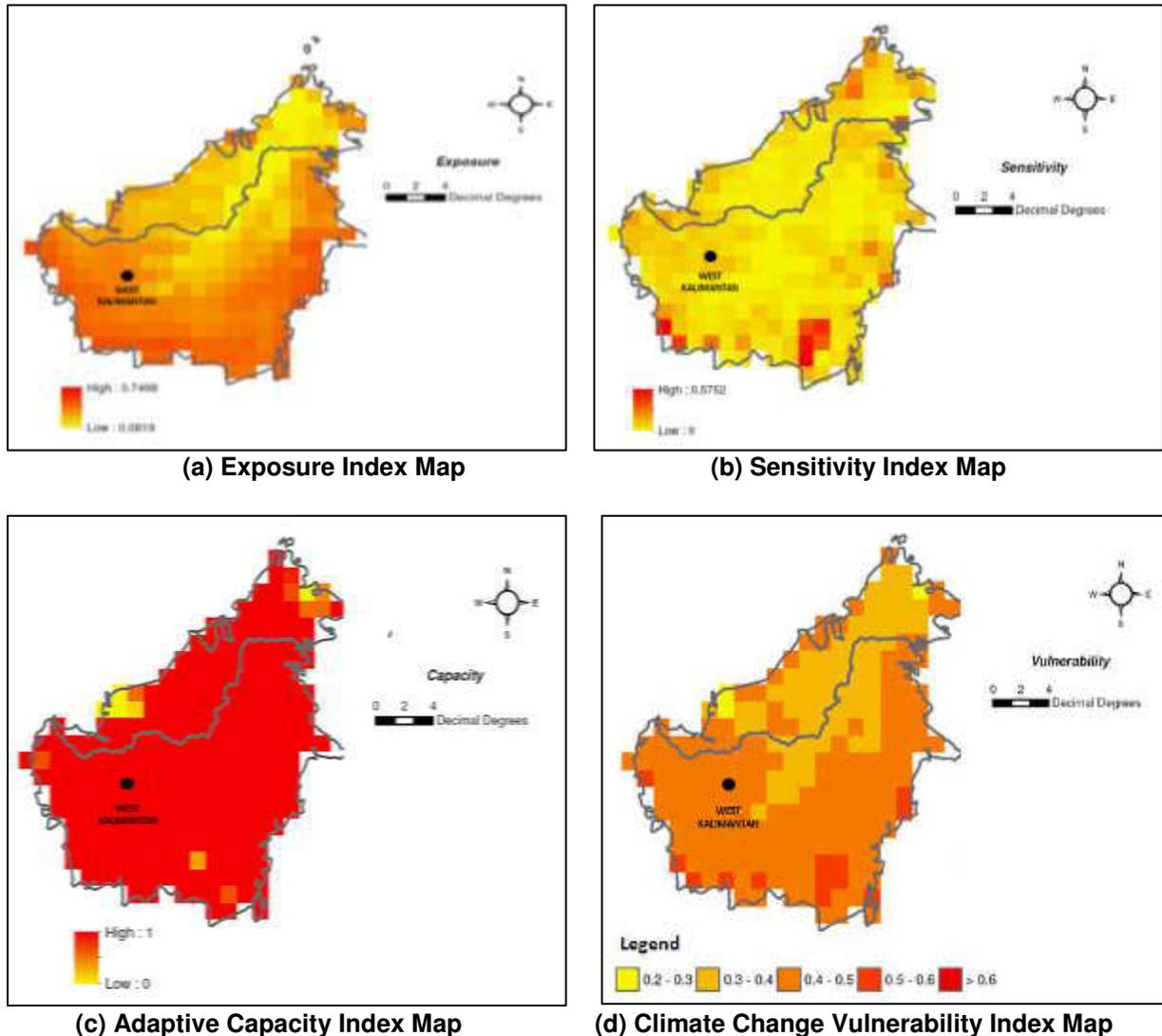
8. In terms of adaptive capacity, Figure 3c demonstrates high vulnerability of West Kalimantan. Due to limitations in geospatial data, the study used irrigation equipped area as the only indicator for adaptive capacity.

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<sup>3</sup> BIMP-EAGA Climate Change Vulnerability Assessment. 2015. Asian Development Bank. Manila. Philippines.

9. The vulnerability index for West Kalimantan is medium (Figure 3d), ranging from 0.3-0.4 which may be due to its high rate of deforestation, making it vulnerable to the effects of increased flooding, drought, and changes in seasonal rainfall pattern resulting from climate change. Dry spells intensified by climate change, especially during periods coinciding with the El Niño cycle, could worsen the occurrence of forest fires. Large forest fires occurred in 1997 and 1998, during which 1.8 million ha of land was destroyed.<sup>4</sup> Likewise, forest fires and associated haze in 2015 were significant leading to declaration of a state of emergency in West Kalimantan.

**Figure 3. Climate Change Index Maps of Kalimantan**



Source: BIMP-EAGA Climate Change Vulnerability Assessment (2015)

<sup>4</sup> Siegert F, Ruecker G, Hinrichs A, Hoffmann Aa. Increased Damage From Fires in Logged Forests During Droughts Caused by El Niño. Nature 414, 437-440. Nature Vol. 414.

**b) Climate Risk Classification [Low, Medium and High]**

10. Project area is classified as “medium” for precipitation decrease; “low” for temperature increase and precipitation increase.

**c) Climate risk assessment**

11. An initial climate risk screening for the project was undertaken, resulting in a classification of "low". Subsequently, an AWARE assessment was undertaken which resulted in a "medium" classification. The results of AWARE assessment are in Appendix 1.

12. **Increased temperature.** Increased temperature may exacerbate pressures in water availability, accessibility, and quality, and increase the risk of forest fires. As fires increase in frequency, they will threaten not only the livelihood of families working on the forest sector but the sustainability of the ecosystem as well. Protection of forests through community-based forest fire management, including adaptation of cultural practices that reduces the risk of forest fires (beekeeping, fish drying) should be considered.

13. The predicted increase in temperature over the next 25 years impacts the selection of tree species in especially agroforestry (and to a lesser degree the selection of native species for the assisted natural regeneration). The typical lifetime of agroforestry tree species is 25 years. The predicted temperature increase of about 1.8°C may lead to an increase in evapotranspiration of 11-36%. This should be taken as a first-order estimate because many other factors for which no climate change forecast is available influence evapotranspiration (such as cloud cover impact on the radiation balance, changes in wind patterns, and changes in relative humidity).

14. Evapotranspiration from rubber plantations is about 1,125 mm/year. In the extreme scenario of 36% increase in evapotranspiration, the annual soil water requirement is about 1,500 mm. Evapotranspiration from coffee plantations is about 1,620 mm/year. With a 36% increase in evapotranspiration, the annual soil water requirement is 2,200 mm. For gaharu trees (*Aquilaria* spp.) no information on evapotranspiration could be found, but given that the species is native to West Kalimantan it may be expected to be well-suited to the environment.

15. Given that the annual precipitation in the reference period 1900-2009 exceeds 3,900 mm/year and that there is no distinct dry season (Jun-Aug average precipitation still exceeds 700 mm) the vulnerability in agroforestry trees to moisture stress due to a decrease in annual precipitation is considered to be very low.

16. **Decreased precipitation in dry season.** Reduced precipitation during critical times of the year implies increased water stress on ecosystem services and economic sectors that rely on stable water supply, high drought risk, uncertain water availability, and consequently lower agricultural yields and lower food production.

17. Decreased precipitation also increases the risk of forest fires. The combined effect of projected reductions in precipitation during dry seasons in areas that have high fire risk (often due to deforestation) shows that climate change is likely to enhance the fire risk in the project area. Climate resilient forest management practices would reduce fire risk.

18. **Increased precipitation during wet season.** Increased frequency and intensity of precipitation particularly during the wet season may lead to high flood and landslide risks. Floods and landslides are by far the two most damaging climate-related hazards in the region. Some of the 17 villages in which the project operates are subject to periodic flooding after heavy rainfall, but catastrophic flooding with loss of life and property are not reported. The small-scale infrastructure activities are potentially vulnerable to the increased risk or incidence of flooding and landslides. In particular the construction of minor roads in sloping areas, micro-hydro installations and drinking water installations are vulnerable.

19. An over-abundance of rain and flooding also have severe impacts on food supplies or on human health causing epidemic disease outbreaks. In West Kalimantan, flooding events were strongly correlated to outbreaks of malaria and other epidemic diseases.

20. **Increased extreme weather events.** Decreased precipitation translates to increased drought risk. Prolonged drought in turn is projected to worsen the impacts of forest fires. Flood and landslide risk is high and is projected to increase in West Kalimantan.

21. **Impacts on agriculture and food security.** Increased water stress due to climate change will have adverse impacts on rice production and food security unless measures to store or manage water are initiated in the project area. Drier temperatures may worsen the effects of land conversion to agricultural areas. Dry spells intensified by climate change, especially during periods coinciding with the El Nino phenomenon could worsen the occurrence of forest fires and their associated effects on soil erosion, which will adversely affect downstream agricultural areas. Incidence of pests and disease, particularly brown plant hoppers (*Nilaparvata lugens*) increase significantly during La Nina years due to higher rainfall.

22. **Impacts on forestry.** Increased temperature results to more frequent forest fires that have significant impacts on biodiversity and wildlife habitat. Reduced rainfall and deforestation will result in a reduction of forest productivity and threaten forest-based livelihoods.

23. **Impacts on water resources.** In West Kalimantan, water during the rainy season is abundant with 389,689 m<sup>3</sup> while water demand is only 2,505 m<sup>3</sup>. Water availability is not likely to be impacted by projected climate change in the province.

### III. CLIMATE RISK MANAGEMENT RESPONSE WITHIN THE PROJECT

24. Project activities directly addressing identified climate risks are mainly centered in Output 1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented:

1. Selection of drought and flood tolerant species for regeneration.
2. Rehabilitate 6,000 ha of degraded land through community-based assisted natural regeneration. Native species will be chosen to favor species that are tolerant to either drought or flooding. Additionally, species with higher fire tolerance will be selected where possible.
3. Bring 1,880 ha of deforested land under improved community-based agroforestry systems (rubber and coffee, gaharu and coffee). In the selection of tree species for the agroforestry activities, improved drought- or flood-resilient species providing a higher yield than the currently present species will be introduced. Resilience to incidence of pests and diseases associated with changing temperature and moisture

regimes in these improved species will be considered, with specific reference made to such requirements in the project documentation.

4. Formulate community-based forest management agreements between villages and FMUs to cover about 17,000 ha.
5. Protect 5,000 ha of additional natural forest directly and 91,000 ha indirectly from fire will be addressed through community-based forest fire management, including establishment of fire brigades to fight fires, provision for equipment and training, and adaptation of cultural practices involving fires to reduce the risk of wildfires (improved honey collection and fish drying techniques).
6. Improve home garden systems to produce cash crops like kemiri sunan and dragon fruit. For home garden activities, species used are annual or with shorter life spans, so the vulnerability of species survival or productivity to climate change is reduced. In order to increase resilience to drought, floods, and pests, emphasis will be placed on crop diversity within individual home gardens and among home gardens in villages such that the effects of crop loss at the household and village level are reduced.
7. Promote small-scale village industries and eco-tourism to improve adaptive capacity;
8. Undertake small-scale village infrastructure, including minor road improvement, electrification with solar panels and micro-hydro installations, and drinking water installations. Construction of minor roads will be subjected to engineering guidelines, in particular where these roads are constructed on or in close proximity to slopes. Roads will be constructed with attention to proper run-off diversion. No major engineering works (like bridges or large culverts) are foreseen in connection with the road construction; small culverts, where necessary, will be installed with pre-fab materials. Micro-hydro installations will be subjected to rigorous engineering guidelines, with particular attention to stream embankment stability and safety, turbine protection during periods of high stream flow, and overall installation stability relative to geotechnical hazards. The water installation is expected to take the form of flexible PVC tubes running from intake points in the upstream area of the village, through the forest, down to the village. The PVC tubes will be located in such a way that they avoid areas that are susceptible to landslides or other climate-related disasters.

25. The project operates at three levels: (i) forest management and livelihood activities in 17 villages in five FMUs and institutional strengthening of district-level forestry agencies; (ii) institutional strengthening and capacity building at provincial level in support of REDD+ implementation; and (iii) policy development and harmonization in support of REDD+ at national level. Any vulnerability to climate change would only express themselves at the district level; at the other two levels, climate change assessment, mitigation and adaptation are integrated into the activities, but the activities are not impacted by climate change or its effects.

26. The purpose of a community-based approach in implementing sustainable forest management activities is to support a process that is completely owned and implemented by the communities themselves. The project proactively supports women participation in all activities related to forest conservation, assisted natural regeneration, use of forest resources, and benefit sharing in project supported livelihood activities. Empowering women to participate in the planning and implementation of adaptation policies and initiatives is essential to enhance the effectiveness and sustainability of adaptation responses and reduce their vulnerability and exposure to climatic risks.

## GENDER ACTION PLAN

1. The project is categorized as effective gender mainstreaming (EGM). The gender action plan (GAP) focuses on increasing women's participation in decision making on natural resource management at all levels of governance and service provision through participation in capacity building plans and training sessions. The GAP as presented below is also designed to improve access to services which will result in decreased time and effort for performing their duties.

Output	GAP Target
<b>1. Community-focused and gender-responsive REDD+ pilots implemented in Kapuas Hulu and Sintang districts</b>	
1.1 Facilitate coordination and information dissemination on SFM and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established at provincial level is based on gender-disaggregated data/information.</li> <li>• Communication programs and materials include information on the role of women in forest management and REDD+ to increase gender awareness and design gender-sensitive<sup>a</sup> initiatives in the sector.</li> </ul>
1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and PES.	<ul style="list-style-type: none"> <li>• Women constitute at least 30% of the participants in workshops and study visits as well as REDD+ readiness and implementation activities.</li> <li>• Study visits for women to share and learn from similarly engaged women's community groups are designed and implemented.</li> <li>• Gender training programs include integration of gender analysis into REDD+ strategies, action plans and screening criteria.<sup>b</sup></li> </ul>
1.3 Formulate CBFM agreements with local communities, including women.	<ul style="list-style-type: none"> <li>• Women constitute at least 30% of the participants in consultation processes and in community forest management groups.</li> <li>• At least three women-only community forest management groups are established as pilots to support non-timber forest products-based micro-enterprise development. Women are also trained to manage funds and have accounting literacy.</li> <li>• Consultations are conducted in locations and at times convenient for women.</li> </ul>
1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development.	<ul style="list-style-type: none"> <li>• Separate assessments for women are conducted to identify women's priorities and needs for strengthening local organizational capacity.</li> <li>• Gender-sensitive training programs are developed and implemented with content based on men's and women's priorities and needs. Clear anticipated outcomes and indicators are developed to monitor and evaluate impact of training interventions.</li> <li>• 50% of beneficiaries in training programs on livelihood skills (including forest product utilization, value addition, enterprise development and marketing) are women.</li> <li>• FMU staff and village facilitators are trained on participatory and gender integrated planning.</li> <li>• At least 30% of newly recruited field facilitators, technical experts and participants in the capacity building activities targeted for FMU/district forestry agency staff are women.</li> </ul>
1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases.	<ul style="list-style-type: none"> <li>• Gender indicators are included in the safeguards information system.</li> </ul>
1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans.	<ul style="list-style-type: none"> <li>• 40% of newly recruited field facilitators and technical experts for FMU are women.</li> <li>• Minimum 30% of participants in the development of spatial and business development plans for FMUs are women.</li> </ul>
1.7 Support establishment of FMU "block XXI" and prepare its long-term business plan.	<ul style="list-style-type: none"> <li>• Minimum 30% of community participants engaged in consultation processes in designing the FMU's long-term plan are women.</li> <li>• A mechanism is established and implemented to ensure women's inclusion in FMU governance.</li> </ul>

Output	GAP Target
1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction.	<ul style="list-style-type: none"> <li>• Minimum 30% of participants for consultations on fund flow mechanism are women.</li> <li>• The fund flow mechanism demonstrates clear indicators and outcomes for gender mainstreaming.</li> </ul>
1.9 Implement REDD+ pilots <sup>2</sup> with local communities, including women, to generate income, enhance CO <sub>2</sub> removals and reduce emissions.	<ul style="list-style-type: none"> <li>• 50% of beneficiaries in pilot programs on livelihood skills are women.</li> <li>• FMU staff members and village facilitators are trained on participatory and gender integrated planning.</li> <li>• At least three women's groups are established to support NTFP based micro-enterprise development. Women are trained to manage funds and have accounting literacy.</li> <li>• Larger markets and access mechanisms are identified (e.g. these may include supply chains for hotels and resorts and other wholesalers interested in unique branding).</li> <li>• At least 30% women and youth (girls and boys) are engaged in the assessment, design and implementation of ecotourism programs. Moreover, gender-equitable benefit sharing mechanisms for ecotourism will be promoted.</li> </ul>
<b>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</b>	
2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination at the provincial level is based on sex-disaggregated data.</li> </ul>
2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations	<ul style="list-style-type: none"> <li>• At least 30% of the participants engaged in the consultation meetings to draft the regulations are women.</li> <li>• Gender expertise is included in the drafting of regulations with specific gender indicators.</li> <li>• At least 40% of participants in workshops and training programs are women.</li> </ul>
2.3 Establish a provincial monitoring system and safeguards information system for REDD+.	<ul style="list-style-type: none"> <li>• A concrete and locally relevant communication mechanism is established to ensure that the information on REDD+ monitoring system and REDD+ safeguards information system is easily accessible and comprehensible to women.</li> </ul>
2.4 Establish a grievance redress mechanism on tenure and REDD+ activities.	<ul style="list-style-type: none"> <li>• At least 30% of the participants in consultations for the development of a strategy for a grievance redress mechanism on tenure conflict and REDD+ are women and gender expertise is included in the development of the mechanism.</li> <li>• All research, data collection and reporting is disaggregated by sex.</li> </ul>
<b>3. Sub-national fiscal policies on REDD+ harmonized with national policies</b>	
3.1 Analyze fiscal policies on integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper.	<ul style="list-style-type: none"> <li>• Gender analysis is included in assessment of fiscal policies affecting REDD+ and SFM.</li> <li>• Arrangements for benefit sharing in REDD+ demonstrate clear indicators and outcomes for gender mainstreaming.</li> </ul>
3.2 Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established is based on sex-disaggregated data.</li> </ul>
3.3 Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization.	<ul style="list-style-type: none"> <li>• At least 30% of the participants in technical and policy dialogues at all levels are women.</li> <li>• Gender analysis is included in conducting the analysis on fiscal, monitoring and benefit sharing policies relevant to the forest industry.</li> </ul>
3.4 Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.	<ul style="list-style-type: none"> <li>• All proposals developed for additional funding should include gender responsive initiatives with clear gender outcome indicators and relevant activities specifically targeted for women's groups.</li> </ul>

- <sup>a</sup> “Gender-sensitive” refers to training materials that take into account both women’s and men’s interests and needs (based on their different roles and responsibilities), and that are presented in such a way that both women and men can understand the information being communicated and do not contain contents or images that reinforce gender stereotypes.
- <sup>b</sup> “Screening criteria” refers to REDD+ and SFM projects seeking support such that one of the screening criteria include “analysis of gender and gender impacts”.

ADB = Asian Development Bank; CBFM = community-based forest management; FMU = forest management unit; FPIC = free, prior and informed consent; GAP = gender action plan; PCR = project completion report; PES = payment for environmental services; PISU = project implementation supporting unit; REDD+ = reducing emissions from deforestation and forest degradation; SFM = sustainable forest management.

**2. Implementation Arrangements.** Implementation arrangements and estimated costs have been integrated into the overall arrangements and total project budget. Some costs have been allocated through consultant interventions. The FMUs, with guidance from gender focal points in each of three implementing agencies (IAs) and support from the project implementation supporting unit (PISU), a team of consultants, will be responsible for implementing the GAP. The FMUs, with assistance from the gender specialists from PISU will be responsible for monitoring the implementation of the GAP. Two gender specialists (40 person-months (pm) total) supported by one national community empowerment specialist (30 pm) and two conflict management specialists (40 pm total), together with other environmental and social safeguards consultants, will support (i) gender and development training needs assessments, (ii) gender plan development for each FMU, (iii) development of appropriate training materials, (iv) development of guidelines for, and the establishment of sex-disaggregated indicators for project performance monitoring and evaluation, and (v) the promotion of gender equality in SFM and REDD+ initiatives. FMUs, supported by PISU, will incorporate GAP monitoring in their progress reports to the government and ADB.

**3. Budget.** GAP capacity building activities will be financed through output 1 and are intended to: (i) help ensure that project implementation will fully comply with the government’s and ADB’s policies and operational requirements; (ii) improve forest management in a way that local women’s interests and rights are safeguarded; and (iii) help local women increase awareness of REDD+ and sustainable forest management. The gender consultants will be funded through the project consulting services budget.

# Gender Analysis

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Draft for FIP Subcommittee Review  
Project Number 47084  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(As of 25 June 2016)

Currency Unit – rupiah (Rp)

Rp1.00 = \$0.000074

\$1.00 = Rp13,415

## ABBREVIATIONS

ADB	-	Asian Development Bank
CBFM	-	formulate community based forest management
EGM	-	effective gender mainstreaming
FIP	-	Forest Investment Program
FMU	-	forest management unit / <i>KesatuanPengelolaanHutan</i> (KPH)
FPIC	-	free, prior, and informed consent
GAP	-	gender action plan
GII	-	gender inequality index
HDI	-	human development index
MHA	-	<i>MasyarakatHukumAdat</i>
MOEF	-	Ministry of Environment and Forestry
NTFP	-	non timber forest product
REDD+	-	reducing emissions from deforestation and forest degradation, conservation, sustainable foest management and forest carbon stock improvement (+ refers to the last three phrases)
SFM	-	sustainable forest management
SMWC	-	State Ministry of Women Empowerment and Child Protection

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## I. GENDER ACTION PLAN BACKGROUND

1. The Forest Investment Program (FIP) Community-Focused Investments to Address Deforestation and Forest Degradation Project is categorized as an effective gender mainstreaming (EGM) project in which the project outcomes are designed to enhance women's access to social services, economic and financial resources and opportunities as well as improve their access to decision making processes. In particular, this project will ensure: 1) conducting gender analysis to inform gender responsive program planning and implementation; 2) provision of equal access to project activities benefits (such as capacity building activities, revolving funds, among others); 3) provision of equal access to decision making processes at all levels; 4) increased women's access to productive assets; and 5) systematic collection of gender disaggregated data including benefit monitoring and evaluation.

2. The Project includes several key monitoring indicators such as the number of women participating in consultations, trainings, and other project activities; number of women represented in decision making bodies (e.g. community forest management groups); piloting 2-3 women-only forestry management group(s) with access to a revolving fund; gender mainstreaming indicators in benefit sharing mechanisms; a number of Forest Management Unit (FMU) staff members trained in gender integrated local level planning; a number of female FMU and district agency staff members trained in Reducing Emissions from Deforestation and Forest Degradation (REDD+) related capacity building activities, among others.

## II. GENDER IN NATIONAL CONTEXT

3. Indonesia's constitution and various national laws and regulations have acknowledged the importance of protecting rights, freedom and welfare of its citizens (men and women).<sup>1</sup> In terms of gender mainstreaming in development programs, the president has stipulated, through Presidential Instruction No.9/2000, that national development should promote gender equality in the family, society and nation.

4. The decree mandates all government agencies to mainstream gender throughout all phases of national development. The State Ministry for Women's Empowerment and Child Protection (SMWC) is responsible for ensuring gender mainstreaming and women's empowerment in the government's policies and programs at the national and local level.

5. The SMWC has developed a national development master plan for women's empowerment (National development master plan for women's Empowerment 2000-2004) and the Development Policy on Improvement of Women's Lives 2010-2014 that is aimed at enhancing women's status in education, health, economic activities, society and culture and through increased political participation. The Ministry of Home Affairs, through Regulation No. 15/2008 has provided guidelines for mainstreaming gender across regions to assist local government officials in integrating gender in the plans and activities of local governments and local development. Additionally, the Ministry of Finance through Regulation No. 119/PMK. 02/2009 on Gender Responsive Budgeting has introduced gender responsive budgeting and named seven departments to pilot its implementation.<sup>2</sup>

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<sup>1</sup> CEDAW has been ratified in 1984. Indonesian constitution of 1945 also acknowledges that men and women are equal before the law.

<sup>2</sup> These departments include: Ministry of National Development Planning (BAPPENAS), Ministry of Agriculture, Ministry of National Education, Ministry of Health, Ministry of Public Works, State Ministry of Women's Empowerment and Child Protection (SMWC) and Ministry of Finance.

6. Despite the existence of a number of laws that encourage gender equality and institutions to ensure the implementation of these laws, there is a general lack of awareness of gender issues and commitment to mainstream gender in development programs among policy makers. This can in large part be attributed to attitudes embedded in cultural and religious norms and values that produce and reproduce traditional stereotypes of women's and men's social roles.<sup>3</sup> Moreover, mainstreaming gender in technical ministries is hindered by both a lack of gender expertise and limited research and analysis capacity to gather and use gender disaggregated data for planning and policy inputs.

7. Indonesia has a gender inequality index (GII) that ranks 106 out of 148 countries with value of 0.494 (with one being the highest and 0 being the lowest).<sup>4</sup> Women in Indonesia are particularly vulnerable to poverty as they have limited access to education, lower income than men and are subject to discrimination and exclusion from decision-making processes. Women also have lower access to education with only 36.3% of adult women achieving a secondary or higher level of education compared to 46.8 percent of males. Women's participation in the labor market (52.2%) is lower than men's (84.2%).<sup>5</sup> Female unemployment rate is also 3 percent higher than their male counterparts (10.8 percent).<sup>6</sup> Despite women's high contribution to farm labor (75 percent) especially in rice production, their access to extension service is lower than men's. In rural areas, women's access to economic opportunities and increased incomes is restricted by limited access to credit and financial services.

#### **A. The Forestry Sector**

8. In the forestry sector, despite the recent appointment of a female minister in the Ministry of Environment and Forestry (MOEF), women are under-represented in the decision making process. At the national level, there are 77% male staff members (13,056 people) and 23% (3,937 people) female staff members. There is only one female director general from a total of 11.

9. A gender working group has been established since 2000 in the forestry department to assist gender mainstreaming in forestry development and facilitate inter and intra department cooperation to support the effort. Several activities such as training on gender mainstreaming, information dissemination and gender responsive budgeting, planning and gender analysis have been implemented. The current working group, strategically situated in the Planning Bureau (Biro Perencanaan), was moved from the Human Resources Bureau to enable it to become more effective in promoting gender-responsive planning, budgeting and implementation.

10. In 2011, the MOEF, through Ministerial Decree (Permenhut P.65/Menhut-II/2011 on the Formulation and Guideline of Gender Responsive Budgeting) stipulated the formulation of a guideline for gender-responsive budgeting. In collaboration with the SMWC, the MOEF has organized a series of workshops on gender mainstreaming involving staff members (echelon 3 and the head of division/ echelon 2) from several directorate generals to develop gender-responsive action plans. Despite efforts for gender sensitive training and gender responsive planning and budgeting, gender issues continue to be viewed largely as a women's issue and

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<sup>3</sup> ADB. 2014. *Gender Analysis (Summary)*. Retrieved on January 8, 2015 from <http://www.adb.org/sites/default/files/linked-documents/cps-ino-2012-2014-ga.pdf>

<sup>4</sup> UNDP. 2013. *Human Development Report 2013: The Rise of South, Human Progress in Diverse World*. Retrieved on January 8, 2015 from <http://hdr.undp.org/sites/default/files/Country-Profiles/IDN.pdf>

<sup>5</sup> Ibid.

<sup>6</sup> ADB. 2014. Ibid n3.

hence, women staff members, irrespective of qualifications, are assigned to shoulder the responsibility for gender program inputs.

11. The process of gender mainstreaming is also critically hampered by the absence of a formal policy to institutionalize gender into all components of forestry program planning. The absence of an overarching policy for gender also translates into the absence of incentive structures, accountability mechanisms and targeted budgets for gender mainstreaming into programming. The lack of organizational mechanisms for gender mainstreaming is compounded further by the ad-hoc nature of the gender working group. This group has limited authority to make any significant contribution to gender and organizational change, which is the fundamental basis for gender-sensitive programming in the institution.

12. Social perceptions that define women's roles (e.g. women should prioritize family over their profession, obedience to husband and elders, higher expectations on women to be polite and modest) create constraints for women to pursue higher positions in government agencies and restrict their access to leadership positions. Women are less likely than men to have the networks, contacts, and social and professional experience expected of forestry leaders. Women's mobility is sometimes restricted due to their responsibilities to balance their public activities with caring for their family as well as performing other domestic duties.

13. With regard to REDD+, gender integration in REDD+ project is very crucial not only to ensure that women get a fair share of project benefits (e.g. financial benefits, capacity building activities) but also to avoid potential gender differentiated risks (e.g. women's exclusion from REDD+ decision making processes, unequal benefit sharing) that might result from the initiative. Furthermore, engaging women is also critical to the success of REDD+ considering their important roles and knowledge in forest management.<sup>7</sup> In Indonesia, the national REDD+ safeguards, known as PRISAI (Principles, Criteria, Indicators of REDD+ Safeguards Indonesia), has included several elements that integrate gender into the safeguards. However, the indicators described in the safeguards are too broad and difficult to gauge.<sup>8</sup> In addition, two important elements have not been included in the safeguards: women's secure control over forestlands and resources; and gender-sensitive Free, Prior, Informed Consent (FPIC) implementation. Moreover, the implementation of the safeguards is still not mandatory.

### III. GENDER ISSUES IN THE INTERVENTION SITE

#### A. Provincial Level

14. Poverty is a crucial issue in West Kalimantan Province with 8.6% of its population living below poverty line, 82% of who live in the rural areas. The human development index (HDI) of West Kalimantan Province in 2013 is below the national average (70.93 compare to the HDI at the national level 73.81). The provincial statistic in 2013 shows gender disparities in educational access with 13.73% illiterate women, compared to 3.73% of men.<sup>9</sup> Men have more access to formal employment, 61% of the formal workforce is men and the rest are women.<sup>10</sup>

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<sup>7</sup> Setyowati, A. 2013. *Ensuring that Women Benefit from REDD+*. UNASYLVA.

<sup>8</sup> Setyowati, A., J. Gurung and Y. Septiani (2012). *Integrating Gender into REDD+ Safeguards in Indonesia*. UN-REDD

<sup>9</sup> BPS Kalimantan Barat. 2013. *Statistik Pendidikan Kalimantan Barat 2013*. Retrieved on January 8, 2014 from <http://kalbar.bps.go.id/flippingbook/pendidikan2013/index.html>

<sup>10</sup> BPS Kalimantan Barat. 2013. *Statistik Ketenagakerjaan Provinsi Kalimantan Barat 2013*. Retrieved on January 8, 2014 from <http://kalbar.bps.go.id/flippingbook/stat%20naker%202012/index.html>

15. At the provincial level, gender has not been systematically integrated into development programming, including forestry sector development. Based on discussions with staff members of the provincial planning agency, there are indications that some rudimentary discussions have been initiated on ways to integrate gender into poverty alleviation strategies, but they lack clear indications of a gender mainstreaming strategy. At the same time, provincial staff members acknowledge that there is limited or no existing capacity for skills to systematically integrate gender into policy and program development.

## B. District Level

16. Similarly, there is low awareness and limited understanding of gender concepts and gender mainstreaming among staff members in the district forest agency in Kapuas Hulu and Sintang Districts. No gender working groups or specific budget allocation to support gender mainstreaming was identified. Gender is largely considered as a separate issue that is independent from other sectors. There is also the general perception that gender mainstreaming is the responsibility of the Women's Empowerment Unit of the Family Planning, Women Empowerment and Child Protection Agency (*Dinas Keluarga Berencana, Pemberdayaan Perempuan dan Perlindungan Anak*).

17. Women are under-represented at various levels of the district forestry agencies and hold largely administrative positions as outlined in the table below with many women hold administrative positions.

**Table 1. Female and Male Composition of FMU Staff Members**

Districts	Institution	Female	Male
Sintang	Forestry Agency	12	69
	FMU	4	12
Kapuas Hulu	Forestry Agency	12	68
	FMU	2	10
	BetungKarihun National Park	24	56

18. In Kapuas Hulu District, the district forest agency has slightly higher awareness of gender issues. One of the senior staff members noted the importance of conducting gender sensitization trainings for men and women staff members to change their mindsets and also transform the way they plan and implement forestry development programs. The agency has also sent a staff member to participate in a Training of Trainers course for gender analysis and gender responsive planning and budgeting organized by the Ministry of Forestry in May 2014. However, it remains to be seen if there will be follow up activities after the training.

19. The Merakai FMU in Sintang is not fully functional at present. This is due to the fact that the FMU still lacks personnel, technical and social capacity, infrastructure and budget. The Kapuas Hulu FMU is more functional in terms of day-to-day management and staffing. In both FMUs, long-term forest management plans have been developed by consultants without meaningful engagement and participation of FMU staff members. In addition, no specific plan has been developed for integrating gender in FMU management plans. Based on the interviews conducted with staff members of both FMUs, there is very limited awareness on gender issues and the importance of integrating gender perspective in FMU planning and implementation.

20. In the Merakai and Kapuas Hulu FMU, there is a lack of capacity for project/program planning, especially participatory planning and facilitation skills. Moreover, FMU staff identified the language barrier between them and the community as a key challenge for effective engagement and communication for FMU activities. Many local community members (male and female) are not conversant in Bahasa Indonesia, thus making it difficult for staff members to engage them in FMU program planning and implementation. The limited number of female extension workers has also limited the FMU from engaging more effectively with women from the communities. Some FMU staff members have proposed that the recommendations should include the recruitment of local female and male staff (full-time staff) members for the FMU to become more effective.

21. In view of these considerations, it becomes important for future project activities to focus on strengthening the knowledge and skills of FMU staff in such areas as gender-integrated participatory planning and budgeting. In addition, project guidelines should also emphasize the inclusion of communities (including women) in district and FMU decision-making processes.

Communities in Kapuas Hulu and Merakai FMU

22. The Kapuas Hulu and Merakai FMU are largely comprised of members of the Dayak ethnic groups (e.g. Iban, Kemuki, Mebaloh, Ketungau, among others). In 2013, the number of populations in Sintang and Kapuas Hulu District who lived under the poverty line was higher than the provincial average (10.09 percent of poor people in each district).<sup>11</sup> Some district officers suggest that it is partly due to the plummeting rubber price in the global market. In both districts, those graduating from primary schools and beyond are higher for males. Moreover, access to education remains to be disaggregated by gender (see table 2 below)<sup>12</sup>

**Table 2. Percentage of Illiterate Population (2013)<sup>13</sup>**

Districts	Men	Women
Kapuas Hulu	4.1 %	10.3 %
Sintang	5 %	12.4 %

23. The social roles and position of women in Dayak communities is largely influenced by the *adat* institutions. Though women play important roles in certain ritual activities such as dance as prescribed in the *adat*, they are nevertheless constrained by the standards of conformity imposed through various cultural idioms: socialization processes largely regulate women’s public behavior into speaking less in public and confine them to the domestic household space/s, and effectively limiting public position/s of leadership. The gendered nature of *adat* institutions, most particularly manifested in the absence of women in decision-making processes, needs to be centrally addressed in the overall intervention strategy.

24. Most community members in both FMUs do not hold land titles because major parts of their land are classified as state forest area. Some community members in the sample village sites have attempted to obtain land titles but have not been successful thus far. Due to insecure tenure, men and women in both FMUs cited reluctance to plant hard wood trees (such as agarwood) due to the risk of not being able to access the benefits generated from subsequent tree harvests. In Merakai, staff members of the FMU pointed out the reluctance of local community members’ refusal to plant tree seedlings distributed by them.

<sup>11</sup> BPS Kapuas Hulu. 2013. *Kabupaten Kapuas Hulu dalam Angka 2013*; BPS Kabupaten Sintang. *Kabupaten Sintang dalam Angka 2013*.

<sup>12</sup> BPS Provinsi Kalimantan Barat. 2013. *Statistik Pendidikan Provinsi Kalimantan Barat*.

<sup>13</sup> *Ibid.* n12.

25. Despite limited involvement in the decision making processes at the village level and *adat* institutions, women in Kapuas Hulu and Merakai FMU have traditionally had the rights of access to land. Land inheritance is not based on gender, with men and women enjoying equal access to family land, even after marriage. Inheritance patterns were usually determined by ability or willingness of people (male or female) to care for their parents during old age. Those assuming responsibilities for parent-care in their old age tend to inherit more parental property than their siblings.

26. Women and men in Kapuas Hulu and Sintang Districts have combined production systems that rely on dry land paddy cultivation, vegetable gardening and rubber production. Women contribute extensively in the production and marketing of vegetables.

27. In terms of forest access, women and men have relatively equal access to forest resources. While women engage in numerous forest-related activities such as harvesting non-timber forest products (e.g. honey, traditional medicine, tubers and wild vegetables), men are usually in charge of harvesting timber forest products and hunting for fulfilling subsistence needs.

28. In the rotational fallow farming (shifting cultivation), there is a clear division of labor between men and women. Men are usually in charge of clearing land (for trees and big bushes) while women help to clear grasses and small bushes. The burning of the cleared land is mostly done by men. Paddy planting and weeding is mostly done by women while rice harvesting is carried out by both men and women. Women are responsible for post-harvest activities (drying, milling, storage and seed selection). There is a taboo associated with the sale of rice that has been self-produced, hence most of it is consumed rather than sold commercially.<sup>14</sup> However, some women cited that they occasionally sold their rice when there was a surplus

29. One of the major sources of income in Kapuas Hulu and Sintang District is rubber. There is also a clear division of labor for rubber sap cultivation. Men are responsible for seed selection for planting, while women are in charge of weeding and pest control. Both men and women are involved in planting and rubber tapping and the men are usually in charge of marketing and transporting the latex.

30. Limited economic opportunities in both districts have resulted in male-outmigration, mostly in search of jobs in urban areas and Malaysia. As a consequence, women are increasingly involved in rubber cultivation and all activities related to rotational fallow farming, hence increasing their work burden. Women tend to work longer hours than men because they are primarily responsible for domestic chores such as cooking, cleaning, child-rearing, and taking care of elderly as well, and increasingly assuming responsibility for household food security.

31. In crop production, there are noticeable disparities in the division of labor between males and females. Women spend significantly longer hours in the field than men and they contribute extensively in the production and marketing of vegetables and paddy cultivation. Due to their high daily workloads, women have less time to participate in meetings or capacity building activities.

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<sup>14</sup> Julia and Ben White. 2012. Gendered Experience of Dispossession: Oil Palm Expansion in A Dayak Hibun Community in West Kalimantan. *The Journal of Peasant Studies*. Vol 39 (3-4): 995-1016.

32. Women are less mobile than men as they have limited access to transportation means. Due to limited public transportation in both districts, communities are highly dependent on motorcycles for their daily transportation. During focus group discussions, men expressed their reluctance in allowing their wives to ride motorcycles, citing the potential 'risk' that increased mobility of women could lead to neglect of the family.

33. Despite their extensive roles in production (including forest use and management), women (and also local men) are marginally involved in decision-making processes related to forest management at the FMU and district level. In addition, women's marginalization is further compounded by their exclusion in decision-making process at the community and household levels. For instance, in mixed rubber plantation groups in several sample villages, the membership is predominantly male although women contribute extensively in the rubber plantation. They are also severely underrepresented in village level decision making bodies, thereby preventing them from opportunities to voice their concerns, especially with regard to village development.

34. In FMU levels in Kapuas Hulu and Sintang districts, there are several informal women's savings groups such as *arisan* and *Pendidikan Kesejahteraan Keluarga* (PKK, Women Education Welfare). In a sample village in Kapuas Hulu, there are several informal women farmer groups and gender mixed groups that mainly focus their activities on paddy/riceland and vegetable agriculture. Strengthening the existing non-formal groups, improving women leadership skills and assisting the development of local organizations (such as co-operatives, forest farmer organizations) that are gender responsive, will be a crucial entry point in building women's self-confidence, providing access to capacity building activities (e.g. leadership, planning, book keeping, small business management, among others) and decision making process. In addition, the piloting of 2-3 women-only groups with access to a revolving fund will help to provide access to financial opportunities, while also creating an enabling environment for women's leadership. IFAD reports that when women control household income from their multiple activities, they usually spend it on their child (education, health, clothing) and enhanced nutrition and wellbeing for their families.<sup>15</sup>

35. There are several local initiatives that could also be aligned in the FIP project, that include:

- a. Koperasi Jaya MenenunMandiri in Sintang District: it is a local cooperative with 1,500 members from 38 villages (5 sub-districts), which has significantly contributed to improvements in local livelihoods. This local cooperative was initially supported by KOBUS, a Dutch NGO, but operates independently at present. The members are mainly women who produce and sell traditional woven fabrics and handicrafts. The cooperative operates as a business with annual capital turnover of more than one billion rupiah (approximately \$83,000). The cooperative could support the FIP efforts to increase women's access to market, especially for handicraft products.
- b. Keling Kumang, Pancur Kasih and Lantang Tipu are successful credit unions in West Kalimantan with branch offices located throughout the province. These microfinance institutions could potentially be linked to FIP project initiative to establish a revolving fund for women's groups.

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<sup>15</sup> IFAD. 2014. *The Changing Role of Women in the Economic Transformation of Family Farming in Asia and the Pacific*. Retrieved on January 8, 2015 from [http://www.ifad.org/gender/pub/gender-familyfarming\\_asia.pdf](http://www.ifad.org/gender/pub/gender-familyfarming_asia.pdf)

#### IV. GENDER ACTION PLAN

36. Proper implementation of the gender action plan (GAP), as described in Table 3 below, will ensure: *first*, conducting gender analysis to inform gender responsive project planning and implementation; *second*, provision of equal access to project activities and benefits (such as capacity building activities, revolving fund, among others); *third*, provision of equal access to decision making processes at all level; *fourth*, increased women access to productive assets; and finally, systematic collection of gender disaggregated data including benefit monitoring and evaluation. It includes measures to avoid potential project risks, such as women's losing access to forest resources and unequal benefit sharing mechanisms.

37. Given the constraints for women's participation as described above (e.g. longer working hours, limited mobility, social and cultural constraints), project activities that require women's engagement, such as consultations/trainings/workshops should be conducted in locations and at times convenient for women to ensure their effective and meaningful participation. It is important to include a minimum provision of 30% membership in community groups and inclusion in decision making processes that impact them as an entry point for meaningful participation of women, while acknowledging that the membership could increase over time and context.<sup>16</sup>

38. Alignment and collaboration with other gender responsive initiative in forestry and REDD+ will also be made to leverage the FIP impacts. It could include identifying potential alignments with the MOEF's commitment to mainstream gender as described in the MOEF strategic plan (*Renstra*) and its gender responsive budgeting initiative.

**Table 3. Gender Action Plan**

Output	GAP target
<i>1. Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented.</i>	
Output 1.1 Facilitate coordination and information dissemination on Sustainable Forest Management (SFM) and REDD+ between FMU offices and provincial agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established at provincial level is based on gender-disaggregated data/information.</li> <li>• Communication programs and materials cover information on role of women in forest management and REDD+ to increase gender awareness in the sector.</li> </ul>
1.2 Conduct workshops and study visits for FMU staff and local communities, including women, on REDD+ aspects such as safeguards, forest law enforcement, FPIC, conflict mediation and Payment for Ecosystem Services.	<ul style="list-style-type: none"> <li>▪ Minimum 30 % participants in the workshop and study visits on REDD+ readiness and implementation are women;</li> <li>▪ Study visits for women to share and learn from similarly engaged women's community groups are designed and implemented.</li> </ul>
1.3 Formulate Community Based Forest Management (CBFM) agreements with local	<ul style="list-style-type: none"> <li>▪ Women constitute minimum 30% of the participants in the consultation processes and in community forest management groups;</li> </ul>

<sup>16</sup> In the absence of regulation and mandatory requirement for women participation in projects, the 30% number cited above is consistent with the mandatory quota in Parliament (Law No. 12/2003 on Election, verse 65)

Output	GAP target
communities, including women.	<ul style="list-style-type: none"> <li>▪ 3 women-only community forest management groups are established as pilots for scaling up.</li> </ul>
1.4 Train FMU staff and local communities, including women, in forest products utilization, value addition and enterprise development.	<ul style="list-style-type: none"> <li>▪ Separate assessments for women are conducted to identify men and women's priorities and needs for strengthening local organizational capacity;</li> <li>▪ Trainings are developed and implemented with content based on men's and women's priorities and needs. Clear anticipated outcomes and indicators are developed to monitor and evaluate impact of training interventions;</li> <li>▪ 50% participants in the trainings for forest product utilization, value addition, enterprise development and marketing are women;</li> <li>▪ At least 30% members are women in mixed-gender community forest groups.</li> </ul>
1.5 Establish a REDD+ monitoring and safeguards information system, with geospatial databases.	<ul style="list-style-type: none"> <li>▪ Gender indicators and safeguards are included in the safeguards information system.</li> </ul>
1.6 Develop spatial and business plans for FMUs, through a participatory process, consistent with CBFM plans.	<ul style="list-style-type: none"> <li>▪ 40% of newly recruited field facilitators and technical experts for KPH are women;</li> <li>▪ Minimum 30% of participants in the development of spatial and business development plans for FMU are women.</li> </ul>
1.7 Support establishment of FMU "block XXI" and prepare its long-term business plan.	<ul style="list-style-type: none"> <li>▪ Minimum 30% of community participants engaged in consultation processes in designing the FMU's long-term plan are women;</li> <li>▪ A mechanism is established and implemented to ensure women's inclusion in FMU governance.</li> </ul>
1.8 Establish a fund-flow mechanism at community level as a basis for results-based payments for verified performance in SFM and emission reduction.	<ul style="list-style-type: none"> <li>▪ Minimum 30% of participants for consultations on fund flow mechanism are women;</li> <li>▪ The fund flow mechanism demonstrates clear indicators and outcomes for gender mainstreaming.</li> </ul>
1.9 Implement REDD+ pilots <sup>2</sup> with local communities, including women, to generate income, enhance CO2 removals and reduce emissions.	<ul style="list-style-type: none"> <li>▪ 50% of beneficiaries in pilot programs on livelihood skills are women;</li> <li>▪ FMU staff members and village facilitators are trained on participatory and gender integrated planning;</li> <li>▪ Three funds for women's groups are established to support non timber forest products (NTFP) based micro-enterprise development. In addition, women are trained to manage the funds and have accounting literacy;</li> <li>▪ Larger markets and access mechanisms are identified (e.g. these may include supply chains for hotels and resorts and other wholesalers interested in unique branding);</li> <li>▪ Women and youth (girls and boys) are engaged in the assessment, design and implementation of ecotourism</li> </ul>

Output	GAP target
	programs; <ul style="list-style-type: none"> <li>▪ Allocation for benefit sharing from ecotourism for women is identified and implemented.</li> </ul>
<i>2. Provincial REDD+ strategy in West Kalimantan effectively implemented</i>	
2.1 Facilitate coordination and information dissemination on forestry planning and policy between provincial agencies and national and district-level agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established at the provincial level (s) is based on gender-disaggregated data/information.</li> </ul>
2.2 Conduct provincial workshops and training programs on REDD+ concepts, FMU business plan development and carbon accounting, including drafting of regulations.	<ul style="list-style-type: none"> <li>▪ 40% of participants in workshops and training programs are women;</li> </ul>
2.3 Establish a provincial monitoring system and safeguards information system for REDD+.	<ul style="list-style-type: none"> <li>▪ A concrete and locally relevant communication mechanism is established to ensure that the information on monitoring system and safeguards information system for REDD+ is easily accessible and comprehensible to the public, including women.</li> </ul>
2.4 Establish a grievance redress mechanism on tenure and REDD+ activities.	<ul style="list-style-type: none"> <li>▪ Minimum 30% of participants in consultations for the development of a strategy for a grievance redress mechanism on tenure conflict and REDD+ are women and gender expertise is included in the development of the mechanism;</li> <li>▪ All research, data collection and reporting is disaggregated by gender.</li> </ul>
<i>3. Sub-national fiscal policies on REDD+ harmonized with national policies</i>	
3.1 Analyze fiscal policies with regards to integration of natural capital considerations, in Indonesia and other countries with significant forest resources, and prepare a policy paper.	<ul style="list-style-type: none"> <li>▪ Gender analysis is included when carrying out the examination for fiscal policies affecting forestry emission reduction performance;</li> </ul>
3.2 Facilitate coordination and information dissemination on forestry policy between national and sub-national agencies, with improved communication infrastructure.	<ul style="list-style-type: none"> <li>• Communication infrastructure and processes to facilitate policy coordination, technology collaboration and information dissemination established is based on gender-disaggregated data/information.</li> </ul>
3.3 Conduct policy dialogues to assess gaps and identify remedial measures on fiscal, monitoring and benefit sharing policies and West Kalimantan forest industry strategy, leading to policy harmonization.	<ul style="list-style-type: none"> <li>▪ Minimum 30% of participants in technical and policy dialogues at all levels are women.</li> <li>▪ Gender analysis is included when carrying out the analysis on fiscal, monitoring and benefit sharing policies relevant to forest industry</li> </ul>

Output	GAP target
3.4 Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposals to extend the scope, area and/or time frame of the current project.	<ul style="list-style-type: none"> <li>▪ Proposals developed for additional funding should include gender responsive initiatives with clear gender outcome indicators and relevant activities specifically targeted for women's groups.</li> </ul>

### Implementation arrangement

39. The implementing agency of FIP project will be responsible for implementing the GAP under the overall supervision from the Executing Agency (EA).<sup>17</sup> A gender safeguard specialist at the national level will be hired to support the GAP implementation and monitoring. Gender focal points should also be assigned in the implementing agency to collaborate with the gender specialist for implementing GAP. A social safeguard specialist (gender and indigenous people) will be recruited in each district in Kapuas Hulu and Sintang to assist the implementation of GAP at the local level. Quarterly reports on the progress of GAP implementation will be made by the implementing agency to the Asian Development Bank (ADB) as part of regular reporting. The estimated costs of the GAP implementation have been incorporated into the overall project costs.

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<sup>17</sup> Please see Institutional Coordination Plan document, Figure 1 Coordination within the Government of Indonesia.

# Stakeholder Consultation and Participation Plan

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Draft for FIP Subcommittee Review  
Project Number: 47084  
June 2016

Republic of Indonesia: Community-Focused Investments  
to Address Deforestation and Forest Degradation Project

**CURRENCY EQUIVALENTS**

(As of 25 June 2016)

Currency Unit	–	rupiah (Rp)
Rp1.00	=	\$0.000074
\$1.00	=	Rp13,415

**ABBREVIATIONS**

ADB	–	Asian Development Bank
AMAN	–	<i>Aliansi Masyarakat Adat Nusantara</i> (Indigenous Peoples' Alliance of the Archipelago)
AMDAL	–	<i>Analisis Dampak Lingkungan</i> (environmental impact analysis)
APDS		Danau Sentarum Honey Association
Bappeda	–	<i>Badan Perencanaan Daerah</i> (Regional Development Planning Agency)
Bappenas	–	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BPDAS	–	<i>Badan Pengelola Daerah Aliran Sungai</i> (Watershed Management Agency)
BPK	–	<i>Badan Pemeriksa Keuangan</i> (State Financial Auditor)
BPKH	–	<i>Balai Pemantapan Kawasan Hutan</i> (Regional Office for Forest Gazzetment)
C&P		Consultation and Participation
CIFOR		Center for International Forestry Research
CSO	–	civil society organization
CSR	–	corporate social responsibility
CU	–	credit union
DKN	–	<i>Dewan Kehutanan Nasional</i> (National Forestry Council)
DPD	–	<i>Dewan Perwakilan Daerah</i> (Regional Representative Council)
DPR	–	<i>Dewan Perwakilan Rakyat</i> (House of Representatives)
FFI	–	Fauna and Flora International
FGD	–	focus group discussion
FIP	–	Forest Investment Program
FMU	–	Forest Management Unit/ <i>Kesatuan Pengelolaan Hutan</i> (KPH)
FORCLIME	–	Forest Climate Program
FORINA	–	Forum Orangutan Indonesia
GAPKINDO	–	<i>Gabungan Perusahaan Karet Indonesia</i> (Indonesia Rubber Association)
ICRAF	–	International Center for Research on Agro Forestry
IJ-REDD	–	Indonesia-Japan REDD
JICA	–	Japan International Cooperation Agency
JMM	–	<i>Jaringan Menenun Mandiri</i> (Women's Weaving Group)
Kobus	–	<i>Komunikasi Budaya dan Seni</i> (Culture and Art Communication)
Kompas	–	<i>Komunitas Pariwisata Sintang</i> (Sintang Tourism Community)
Kompakh	--	<i>Komunitas Pariwisata Kapuas Hulu</i> ( <i>Kapuas Hulu Tourism Community</i> )
MCA-I	–	Millennium Challenge Account-Indonesia
MHA		<i>Masyarakat Hukum Adat</i> or customary communities
MOEF		Ministry of Environment and Forestry
MOF		Ministry of Finance
MOHA		Ministry of Home Affairs
NGO	–	nongovernment organization
NTFP	–	non-timber forest product

PPTA		project Preparation Technical Assistance
PRCF	–	People’s Resource Conservation Foundation
Pusdal	–	<i>Pusat Pengendalian Pengembangan Kehutanan</i> (Center for Forestry Development Control)
REDD+		reducing emissions from deforestation and forest degradation, conservation sustainable forest management and forest carbon stock improvement (+ refers to the last three phrases)
SFC	–	Sintang Fishing Club
TFCA	–	Tropical Forest Conservation Action TNBK
TNBK	–	Taman Nasional Betung Kerihun (Betung Kerihun National Park)
TNDS	--	Taman Nasional Danau Sentarum (Danau Sentarum Nasional Park)
UPT	--	Unit Pelaksana Teknis (Technical Implementing Unit)
WWF	–	World Wildlife Fund

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## A. Introduction

1. Indonesia pledges to reduce emissions by 29% from business as usual levels by 2030 with its own funds and by 41% with international support to protect as much as possible of its remaining natural forests and restoring all degraded forestlands. With assistance from the Forest Investment Program (FIP)<sup>1</sup> under Climate Investment Funds (CIF), a \$17 million grant to the Government of Indonesia will be provided to address institutional, technical, and capacity-related barriers for Reducing Emissions from Deforestation and Forest Degradation (REDD+) implementation in West Kalimantan, one of the top five provinces contributing to GHG emissions with a mean deforestation rate of 132,500 ha per year.

2. The project forms a part of Indonesia's FIP<sup>2</sup> and will complement projects by the World Bank and International Finance Corporation (IFC). The project will invest in community-focused REDD+ activities (e.g., community-based land use planning, community-led forest monitoring and forest fire management, community-assisted forest regeneration and maintenance, community-based ecotourism) in districts of Sintang and Kapuas Hulu and involving forest management units (FMUs)<sup>3</sup> to address deforestation drivers such as illegal logging, forest conversion to agriculture, and uncontrolled fires. The project will strengthen the capacity of district and provincial governments in West Kalimantan, provide policy support to harmonize sub-national policies for carbon stock enhancement with national policies, and establish non-monetary incentives, safeguard systems, and equitable and gender-responsive benefit sharing arrangements.

3. According to the Asian Development Bank (ADB) (2012), stakeholders are defined as "individuals, groups and institutions interested in a given ADB or recipient and/or client activity. They may be affected by, able to significantly influence, or be important to achieving the stated outcome".<sup>4</sup> Stakeholders are categorized as primary and secondary (African Development Bank, 2001). Primary stakeholders are beneficiaries of development intervention or who are directly affected (negatively or positively) by it. Primary stakeholders include the local population (individuals and community-based organizations) in the project or program area, in particular, poor and marginalized groups who have traditionally been excluded from participating in development efforts. Secondary stakeholders are those who influence a development intervention or are indirectly affected by it. These secondary stakeholders include the borrowing government, line ministry and project staff, implementing agencies, local government, civil society, private sector, the bank and its shareholders, and other development agencies.

4. To differentiate levels and types of stakeholders, the ADB manual further categorizes stakeholders into three main groups: government, private sector, and civil society. Government comprises different ministries and their apparatus at central, province and district levels. Private sector includes private companies and their umbrella organizations. Civil society consists of a wide array of groups, which include national and international non-governmental organization (NGOs); foundations; community based organizations;

<sup>1</sup> Indonesia is one of the eight countries selected to receive support from FIP, one of the three sub-programs under Strategic Climate Fund of CIF. In collaboration with World Bank and IFC, ADB assisted the government in preparing the forest investment plan, which was endorsed by FIP subcommittee in November 2012.

<sup>2</sup> FIP sub-committee endorsed investment plan ([https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_6\\_Indonesia\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf)) for \$70 million (\$37.5 million grant and \$32.5 million soft loan). The ADB and the World Bank are the partner agencies for the grants while the IFC will provide soft loans. The World Bank project will support decentralized forest management by enabling institutional arrangements at national level and operationalizing FMUs. The IFC project will demonstrate replicable REDD+ business models for small and medium enterprises. The World Bank and IFC have not yet identified provinces for their operations.

<sup>3</sup> Referred to as *Kesatuan Pengelolaan Hutan* (FMU) in the Basic Forestry Law No. 41/1999.

<sup>4</sup> Asian Development Bank. 2012. *Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation*. Manila.

independent research institutions; media; and beneficiaries, population groups or sub-groups and ethnic minority groups who are vulnerable and often overlooked in the program or project cycles.

5. According to ADB's terminology, participation is a process through which stakeholders influence or contribute to designing, implementing and monitoring a development activity (Asian Development Bank, 2012: 2). Participation ensures that stakeholders understand and can participate in the decisions, resource allocations and activities that affect their lives and ensure attainment of benefits from their engagement. There are different approaches depending on the types of stakeholders' involvement and the depth of their participation. They include information generation and sharing, consultation, collaboration and partnership.<sup>5</sup> The depth of participation may be low, medium or high.

6. In the Indonesian context, consultation has been defined through different regulations. The National Forestry Council<sup>6</sup> (DKN or Dewan Kehutanan Nasional) for example, issued SKN 02/DKN-KP/2012, a special decree on public consultation. The decree, called Consultation Protocol, applies for any policies triggering disputes or creating wide range of social conflicts or negative impacts to communities and wide interest groups, which can be categorized as public. Public consultation for this conflict should be organized by DKN. The subject of public consultation includes impacts from licensing for forest utilization issued by central or local government, and international conventions or agreements among stakeholders. Such conflicts include political, economic and socio cultural disputes on natural resource management involving groups of communities or between communities and companies or about an imbalanced distribution of natural resources in communities.

7. Public consultation in the DKN framework can be organized based on members' suggestions through DKN Commissions or Chambers. Non-members of DKN can also suggest public consultation through Commissions and Chambers of DKN by giving written reasons and arguments through minutes of a meeting taken in Commission and or a Chamber's meeting. Suggestions for a public consultation can be accepted or rejected by the DKN Presidium, based on the DKN Constitution and bylaws. Public consultation can be facilitated by a third party, individual or organization, following the processes and procedures of the Public Consultation Protocol developed by DKN. The public consultation plan should contain a chronology or map of conflict, objectives of the consultation, expected outcomes, methodology used, participants or representatives of target groups, process guidelines of the public consultation, information materials to be disclosed, and time, venue and budgets.

8. Public consultation is also regulated in the environmental impact analysis or AMDAL (Analisis Dampak Lingkungan), as stated in the Ministry of Environment Regulation No.17/2012. In the AMDAL and process of granting an environmental license, public participation is open through planning, implementation, monitoring and evaluation. Objectives of the public consultation in this framework include a community's receiving information on the business or activity plan that will affect the environment; enabling the community to provide suggestions, opinions or responses related to the plan that will affect their environment; enabling the community to participate in decision making on the acceptance or feasibility of

<sup>5</sup> The ADB differentiates approach and depth of participation during project process and implementation. The approaches range from information generation and sharing, the lowest degree of participation; consultation to get inputs from stakeholders as part of inclusive decision making; collaboration, where ADB and clients/stakeholders work jointly but with limited control over decision making; and partnership, where stakeholders involve in decision making and exert control over resources through formal or informal agreement to work together to achieve common objectives. Each approach has its level of depth depending on the modes of influence in the project processes.

<sup>6</sup> The National Forestry Council is a constituent-based interest group and consists of chambers for customary community, NGOs, business and central and local governments. DKN was declared during the National Forestry Congress IV, 13-15 September 2006 in Jakarta, in response of Law No. 41/1999 article 70 concerning national forum for interest groups on forestry.

the plan; and allowing the community to express its suggestions, opinions or responses to the environmental licensing process.

9. The target of the AMDAL consultation includes the community affected by the project, the wider public who has interest in the project, and all communities affected by decision-making during the AMDAL. Community and public involvement are opened through information disclosure of the business plan that may affect the environmental impact or public consultation on the Terms of Reference for the AMDAL if it related with the assessment of the AMDAL. Through the information disclosure or public consultation, communities, interest groups and the public can express their opinions, responses and suggestions in writing to the project initiators through authorities such as the minister, governor or major/head of districts who assess the environmental analysis. Affected people, through their representative, are also involved in the assessment process of the environmental analysis document as members of the Environmental Assessment Commission.

## **B. Methodology**

10. To develop the stakeholders' consultation and participation (C&P) plan, the Project Preparation Technical Assistance (PPTA) team engaged a range of approaches to collect and analyze data. During project design, the PPTA team and Ministry of Environment and Forestry organized a series of workshops to solicit comments and inputs from different stakeholders. They included the Kick-off Meeting (6 October 2014), Inception Workshop (4 November 2014), and Interim Workshop (23 March 2015) for national level stakeholders in Jakarta.

11. At the sub national level, multi-stakeholder consultations took place in Sintang on 6 April 2015, Kapuas Hulu on 7 April 2015, and Pontianak on 8 April 2015. The government stakeholders at the district and provincial level raised the major concern of the effect of the new decentralization Law No 23/2014, where authority to manage forest resources is moved to the provincial level. This law replaced legislation No 32/2004 that had placed the district as the locus of decentralization.

12. This new legislation needed to be incorporated into the program's organizational structure. A Working Group on REDD+ in West Kalimantan was formed that needs to be involved in the project development process. The forestry sector also demanded to contribute to the production of food and energy. In designing the agro forest, participants suggested to add *kemiri sunan* (candle nut) to be processed for biofuel. Water related businesses, such as clean water for household consumption and micro-hydro to produce rural electricity, were also strongly mentioned and suggested.

13. Although not openly expressed, communities also iterated their worries about the current pressure from national park management. Betung Kerihun National Park has been reported to impose national park boundaries without implementing meaningful consultation and consent with groups in the communities in Tanjung Lokan and Bungan Jaya. The two villages are under the claimed authority of *ketemenggungan* Punan where communities demand the clear status of *desa adat*, and hence require harmonization between village regulation and customary law. *Temenggung* and *Kepala Adat* are also structured at the village and sub village levels (*dusun* or hamlet), where their claimed area or territories are not always the same as those of the modern village. Kepala Desa through *Peraturan Desa* (village regulation) has accepted the national park boundaries while some of the youth want discuss more on possibility of *desa adat* to be practiced in the two villages.

14. A special engagement meeting with civil society was organized in Jakarta on 27 April 2015. Some important concerns were raised during this meeting. One major concern raised was absence of a Civil Society Organization (CSO) representative on the project Steering Committee. Issues related with the tenure arrangement scheme that the project promote were also raised. Considering that the Indonesian government has already developed *Hutan Desa*,

*Hutan Kemasyarakatan* and *Hutan Adat*, the project need to clearly offer to the communities from the earliest stage since it will determine the community organization and time required for processing the formal license.

15. Relating to the tenure arrangement, the forest delineation must be done in a participatory way to identify acceptable boundaries and to prevent dispute and conflict among community members and between the communities and forestry service. The safeguard document following the ADB standard is considered good for protecting the communities' rights, but it also suggested that the application of the standard should not be so rigid and limit the project implementation units. Others questioned whether the grievance and complaint mechanism was directed to the project or provincial level.

16. To further develop the C&P plan, the author employed data collection techniques including a literature and secondary data review, consultations with key informant government officials at province and district levels, and focus group discussions (FGD) with local NGOs in Pontianak, Sintang and Kapuas Hulu. A sample of respondents was selected and consulted. The sample included 56 key informants from provincial and district government officials, 44 key informants from NGOs, and 82 community members including women, customary law community residents, and village leaders.

17. The PPTA team led consultations with local and customary law communities, involving leaders, male and female villagers, and youth. The consultations were free informal meetings, with participants informed prior to the event and organized by the participants. The PPTA team provided information on FIP in simple and appropriate language that the community could understand and give ample opportunity for participants to ask questions, voice objections and make suggestions for improving the design. Special group discussions for men and women were also made to enable each group to freely express its thoughts and concerns. In addition to the above data and information gathering, the PPTA team used a household survey with a formatted questionnaire. A total of 208 different villagers were also asked to generate information by completing the household survey.

18. The household survey assessed the features of potential project communities, including Swadaya, Wana Bhakti, Radin Jaya, Senangan Jaya, Tanjung Sari, and Kayu Dujung in district of Sintang; and Mensiau, Leboyan, Malemba, Banua Tengah, Batu Lintang, Padua Mendalam, Rantau Prapat, Sungai Uluk Palin, and Tanjung Lasa in district of Kapuas Hulu. In Sintang, 52 people responded from Radin Jaya, Tanjung Sari, Senangan Jaya and Kayu Dujung, while in Kapuas Hulu, 156 respondents from Banua Tengah, Batu Lintang, Padua Mendalam, Rantau Prapat, Sungai Uluk Palin and Tanjung Lasa participated. Kapuas Hulu demonstrated a higher average meeting participation of 26 participants, while Sintang averaged 13 people from four villages: Radin Jaya, Tanjung Sari, Senangan Jaya and Kayu Dujung. Respondents comprised village leaders, teachers, religious and adat leaders, farmers, and men and women (some with D-3 university degrees, some other with junior high school degrees). The PPTA team considered them as the key informants for the village socio-cultural profiles, given that respondents live and work in the villages and deal with social, economic, and cultural issues in their everyday work.

19. To ensure adequate participation of the stakeholders, the processes involved analyzing stakeholders based on their roles so as to understand the perceptions and interests of each group. Furthermore, the team informed and consulted stakeholders on the policies and strategies of the FIP project design, and developed a plan for their engagement during the project implementation.

### C. Stakeholder Identification

20. The FIP in West Kalimantan involves a wide range of stakeholders from each the community members, government, civil society, research institutions, community organizations, and the private sector.

#### Primary stakeholders

21. The first stakeholder group comprises the primary stakeholders, farmer groups, associations and cooperatives, including women's groups. Community organizations such as APDS (*Asosiasi Periau Danau Sentarum* or Danau Sentarum Honey Association), JMM (*Jaringan Menenun Mandiri* or Women's Weaving Group), *Kelompok Nelayan* (fisher groups), and *Kelompok Tani* (farmers groups) are the primary stakeholders and most affected positively or adversely and vulnerable as they are in the less influential groups. Community groups also include associations and cooperatives, which build their representation and leadership for empowerment and an increased bargaining position when facing external intervention. Formal and informal community organizations like MHA (*Masyarakat Hukum Adat* or customary law community leaders) with their committees and formal Kepala Desa (head of village) with their deputies are both channels for engagement with other external groups. As the main beneficiaries of the program, it is very important for this group to attain ownership of the program development since the initial phase, taking into account that their capacities to articulate and represent themselves in many cases are weak.

#### Government stakeholders

22. The second group includes government institutions at the national level that develop policies, financial arrangements and support, and also provide oversight to the project planning and implementation. Different government offices are interrelated in decision-making of the FIP Program. These include the Ministry of Environment and Forestry (MoEF), Ministry of Finance (MoF) and Ministry of Home Affairs (MoHA); the National Development Planning Agencies (Bappenas and Bappeda); and legislative organs (DPR and DPD), which produce laws and regulations. Special government institutions like BPK (Badan Pemeriksa Keuangan or Financial Auditing Agency) at the national and provincial levels provide audit and oversight during project implementation. Governments supporting bilateral donor projects in West Kalimantan include GIZ with FORCLIME (Forest Climate Programme), USAID with TFCA (Tropical Forest Conservation Acts), MCA-I (Millennium Challenge Account-Indonesia), and JICA with IJ-REDD (Indonesia-Japan REDD).

23. The third stakeholder group comprises executing or implementing government institutions at sub-national (provincial and district) levels. This group is not only important but also influential on the success or failure of the program. Implementing and executing government units from provincial level government services include Dinas Kehutanan/Forestry Service, BPDAS (Badan Pengelola Daerah Aliran Sungai or Watershed Management Agency), BP2HP (Balai Pemantauan Pemanfaatan Hutan Produksi or Production Forest Control Office) and BPKH (Balai Pemantapan Kawasan Hutan or Regional Office for Forest Gazzetment), TN BK (Taman Nasional Betung Kerihun or Betung Kerihun National Park) and TN DS (Taman Nasional Danau Sentarum or Danau Sentarum National Park). At the district level are FMU (Kesatuan Pemangkuan Hutan or FMU, Forest Management Unit) and Dinas Kehutanan (Forestry Service) in Sintang. In Kapuas Hulu there are other district government stakeholders headed by Bupati. They will play crucial roles in implementing the project. Meanwhile, at the planning level, Bappeda (Badan Perencanaan Pembangunan Daerah or Regional Development Planning Agency) will serve as the coordinating government entity overseeing sector planning.

#### Civil society stakeholders

24. The fourth stakeholder group is a wide range of CSO, including national and local NGOs with the potential capacity to mobilize funds, human resources and to develop methodologies to support program planning and implementation. Conservation NGOs such as

FFI (Fauna and Flora International) and WWF (World Wildlife Fund) operate nationally but have project offices at the district or even community levels. Although DKN (Dewan Kehutanan Nasional or National Forestry Council) has a government representative in one of its chambers, it can be classified with this stakeholder group.

25. Local NGOs focusing on conservation and community development are active in Sintang and Kapuas Hulu districts. In Sintang, NGOs include AMAN (Aliansi Masyarakat Adat Nusantara); KOBUS, a local NGO organized by a Dutch community member; KOMPAS (Komunitas Pariwisata Sintang); Permadas (Persatuan Masyarakat Adat Dayak Seberuang); PRCF (People Resources and Conservation Foundation); SFC (Sintang Fishing Club); and WWF. There are also local organizations such as Fasda Sawit, an organization set up by independent palm oil farmers (petani sawit swadaya). None of the Fasda members comes from villages in the project's FMU but two people from Fasda work on communications and monitoring in the area of Ketungau Tengah.<sup>7</sup> The planted area of petani sawit swadaya was around 1,000 ha in Sintang until 2014. Even though the group promotes what they call "sustainable palm oil," they clearly support the development of palm oil in Sintang. SFC is one of the NGOs that criticizes palm oil and sometimes is in contraposition to Fasda Sawit.

26. Local NGOs working in Kapuas Hulu include AMAN, FORINA (Forum Orang Utan Indonesia), FFI, Gemawan, KOMPAKH, Lanting Borneo, Putusibau Art Community, and WWF. FFI is working on a project level VCS & CCBS REDD+ project in the area with PT Wana Hijau Nusantara and PT Macquarie Capital. PT Wana Hijau Nusantara planned to develop a REDD+ project with FFI in Danau Siawan Belida.<sup>8</sup> In addition, FORCLIME is studying and working on mapping FMU areas with local government offices. Both initiatives have the relevant licenses, but are not operating for the time being, likely because of the low prices of voluntary carbon credits.

27. Jakarta-based advocacy organizations like AMAN (Aliansi Masyarakat Adat Nusantara or Indigenous Peoples' Alliance of the Archipelago), Greenpeace, and WALHI (Wahana Lingkungan Hidup) are active and have a strong interest in the project.

#### Private sector stakeholders

28. The sixth stakeholder group is the private sector, predominantly large palm oil companies, logging and timber concessions such as PT Bumi Raya in Kapuas Hulu, and mining and carbon project developers. No palm oil company operates in the FMU project area. Only two operate near the border of FMU Sintang, which are PT Kiara and PT Makmur Jaya Malindo.

29. Communities in Ketungau Tengah refused to allow the company PT Makmur Jaya Malindo to operate in the area in 2013.<sup>9</sup> Palm oil companies, such as PT Sinar Mas Group which has nine sister companies, have concessions in Kapuas Hulu district totaling 166,500 hectares.<sup>10</sup> Private sector companies—predominantly palm oil—are operating legally, but no detailed clarification has been made company by company on the legality of the concessions and the companies' compliance. This business expansion has been increasing deforestation although also creating employment, stimulating economic development, and running other corporate social responsibility initiatives. Illegal mining, especially for gold, was also observed as rampant along the river areas PPTA consultants visited. Both activities drive environmental degradation, mainly related to water quality and forest canopy, and soil destruction close to rivers. Community representatives, NGOs and government officials in the discussions pointed out these illegal operations as one of the key drivers of forest and environmental degradation, in addition to the development of oil palm plantations.

<sup>7</sup> Based on communication via phone with Pak Subarja, coordinator of Fasda Sintang, on December 22, at 11.20.

<sup>8</sup> See Fauna and Flora International, "Danau Siawan Belida REDD+ Project Kalimantan, Indonesia"

<sup>9</sup> See Tribun Pontianak, 30 April 2013.

<sup>10</sup> See WALHI (2009) Potret Buram Sawit di Perbatasan.

## D. Stakeholder Analysis

30. The above mentioned stakeholders each have unique perceptions, expectations and interests in the FIP program design and implementation.

### Primary stakeholders

31. The project interventions are meant to increase income and enhance livelihood of the community in the targeted villages. As a community-focused project, the communities are the primary stakeholder and have high importance on the project. Project interventions will directly influence the existing mode of production of the villagers. As a community focused project, community plays important roles in the success or failure of the project. To facilitate a stage that the project is a community-focused, a process to build ownership of the project is important. A continuous communication and dialogue between project management and community that has been started during the preparation need to be ensured.

32. Community interests relating to new opportunities from the project focus on expectations that their livelihoods will improve as a result of the investments program. Villagers have openly described their basic needs and livelihood requirements e.g. water and sanitation, energy supply (house lighting and electricity), food production, cash crops production from their lands, Non timber forest product (NTFP), and enterprise development. A list of community suggestions for FIP was delivered during the field visits, and appears in Appendix 4, Summary of the Community Proposals for FIP in Visited Villages. At the same time, communities worry about potential restrictions on access to the forest and land once the program starts. Communities in Swadaya, Tanjung Sari and Senangan Jaya villages in the district of Sintang clearly expressed evidence of the consequences of such restrictions, which affect their source of living. There, efforts from villagers to certify their claimed lands have been suspended, since the land falls under FMU forest claimed lands, which are considered state forest. Despite its importance, communities in the project areas have low influence in terms of economic and political power. They have low education and have no solid organization to protect their rights. Unless they are organized among themselves or building alliance with other organization, there will be possibility to voice their interests.

### Government stakeholders

33. The government stakeholders' dominant concern is for a better forest and environment, and to achieve the national and provincial targets for emission reductions. Interest in the project from the perspective of the central government stakeholders relates to the increasing environmental problems, such as forest fires and haze that are not only affecting the local communities but are spreading across national boundaries and into neighboring countries. Illegal logging is noticeable from the log yards of sawn timber along the main road entering Kapuas Hulu.

34. The central government institutions are strongly influential in the FIP program's planning and implementation because they hold key roles in the project as executing and implementing agencies. The executing agency within the new structure of MoEF involves several directorates, including the Directorate of Business Development for Social Forestry and Customary Forests, the Directorate of Environmental Services Management and Conservation Forests, and the Directorate of Production of Forest Management Unit. Other central government stakeholders involved are Bappenas, the Ministries of Agrarian and Spatial Planning, Finance and Home Affairs. Other bilateral donors related to FIP are influential stakeholders.

35. At the executing and implementing agency level, strong expectations come from the two FMUs, Sintang and Kapuas Hulu, as the program is seen as an opportunity to further develop these FMUs in general, which to date has seen a relatively low level of investment and development of human resources, infrastructure, and programs until now. The FIP and accompanying government resources are expected to boost the development of FMUs, thus

opening job and career opportunities for young professionals with relevant skills. At the province and district level, several related *dinas* fall into this group. FMU as a site level management unit has authority to design, propose and execute programs and activities in accordance with their mandates. In executing its mandate FMU should comply with all regulations issued by MoEF. With all their mandate from the government, FMU have high influence for the project implementation.

#### Civil society stakeholders

36. Most local NGOs active in conservation and community development in the FIP project site have a high importance to the project in supporting and facilitating communities in their respected working areas. However, they have low influence in national and local politics. National and local NGOs expect clarification on the FMUs' roles, boundaries, functions, and programs. Information on FMU is not clearly accessible or disclosed to other government officials, NGOs, and most communities, especially in FMU Sintang. During consultations with civil society, participants named potential problems and conflicts that had derived from conflicting claims of forests and land tenure, due to unclear and disputed boundaries.

37. Development and conservation NGOs are trying to help communities in the area have secure rights to their communities' land. There is a growing interest, particularly among the youth, to map the village area (that is, the *adat* area of the community organized in a *desa*) because the youth are demanding confirmation of tenure rights within their community. The mapping has had the unintended consequence of growing individualism related to land ownership and land use rights, according to community members. Often, the reason put forward by the community was that clarification of land rights would help face off claims by other stakeholders, as well as to meet a requirement stipulated under UU No. 6/2014 on *desa*, which would then allow access a village budget. Yet there was also the opinion expressed by discussants that individual land ownership based on a legal status such as certification could be used as collateral to banks and would be legally recognized by the State and other stakeholders.

38. Certain advocacy groups, like AMAN, WALHI and Greenpeace, are focusing their interests more on advocacy and political lobbies, which places them into pressure and influential groups on the stakeholder analysis. However, the trend is towards a combination of advocacy and community empowerment at the grassroots level.

#### Private sector stakeholders

39. Private sector stakeholders, which include concession holders of logging, forest, and palm oil plantations, are persistently seeking expansion into forested land to enlarge their businesses. Meanwhile, the Indonesian forestry sector has been receiving national and global attention. On one hand, awareness on the roles of forests for climate change mitigation and adaptation is growing, whereas on the other hand, deforestation and degradation of Indonesian forest continues at alarming rates.

40. The expansion of deforestation has been causing conflicts between the concession owners and environmental NGOs. Fasda (Fasilitator Daerah) Sawit, an organization set up by the district government of Sintang, is actively promoting palm oil plantation development on community land. Fasda Sawit has been supporting palm oil small holders through the supply of seedlings, fertilizer and support for land. Despite strong NGO opposition, Fasda Sawit and individual companies are continuing their business and even more are trying to expand the plantation areas.

41. Cases of villagers' lands being transferred to companies have occurred in Margahayu, Munggak Gelombang, Puring Kencana, Swadaya Wanabhakti, and Wirayuda villages, where the company PT Pakuan Agro Lestari plans to expand palm oil plantations up to 2,000 hectares. The villagers' lands are located in the APL (*Areal Penggunaan Lain* or non-forest land) of FMU Sintang. The villagers' certified lands were purchased for between IDR 1.5 and 2

million (\$117-156) per hectare, based on the land classification developed by the purchasing company.

#### Relations among stakeholders

42. Figure 1 analyzes the stakeholder groups based on their importance and influence to the achievement of outputs and outcomes of the FIP using an importance-influence matrix.<sup>11</sup> Importance indicates the extent to which stakeholder's needs and interest will be influenced by the projects or any planned intervention or activity. Influence indicates the power that stakeholders have over planning and implementation of the intervention or activity. Influence is related to political, social and economic power and authority that the stakeholders have in relation to decision making of program design and implementation.

43. Government stakeholders at national and sub-national level have high importance and influence, as they are key players. They have authority to issue program policies and at once execute the policies. Similar with that are bilateral donors, having agreements and resources with the government to execute development interventions.

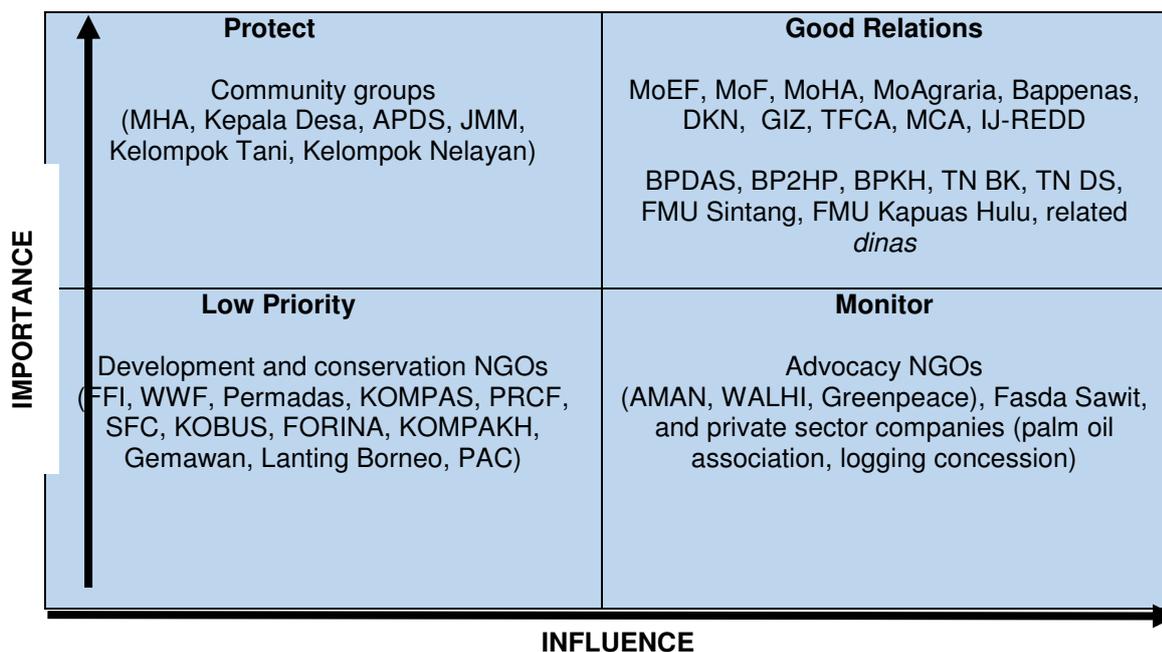
44. Community groups as primary stakeholders have high importance but low influence. The community groups have less power, as they do not have the capacity to influence policy for even things that are related to their own livelihood. Similarly, development and conservation NGOs, which usually work closely with communities, have high importance but low influence. Advocacy NGOs function as pressure groups, with their capacity to influence public opinion and lobby have powerful players.

45. This analysis guides the degree and depth of participation to create balance and maximize desired program outcomes. Empowering the important stakeholders and powerless, especially the community groups as the primary stakeholder, is the main objective of this participation plan. Private sector companies, although of less importance, are influential through their economic power and political lobbies. Palm oil companies and Fasda Sawit have a low importance but high influence to FIP, as their activities may directly lead to increased forest degradation or deforestation and impede FIP's capacity to achieve its objectives. Their activities require close observation to assess the negative impacts of their business expansion. Oil palm plantations developed by villagers can also potentially reach forest lands with fast cash from land transactions as the driving force. If this is occurs, efforts to reduce deforestation and rehabilitate the degraded forest will meet big challenges.

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<sup>11</sup> See further: [www.apmasnetwork.org/node/80](http://www.apmasnetwork.org/node/80).

Figure 1 Stakeholder Analysis



#### E. Roles of Stakeholders in the Project

##### Role of village facilitators

46. The village facilitator will have a key position to play in the community towards the project's implementation, and all village leaders expressed high expectations for this person. One village leader, however, stated that within his community, there was no one capable of playing this role. Others indicated that the village facilitator would need extensive support. It was FORCLIME's experience also that the village facilitators need substantial support to be able to assume their positions effectively. The project design should incorporate a growing role for the village facilitators that both supports the individuals, but also assumes a limited capacity at the project's inception.

##### Role of village leaders

47. When asked what the villagers' role was in the proposed project, one village leader answered that the people knew what it was. It was clear in the discussions with two leaders that the community members are enthusiastic for the project and livelihood improvements, and that they enthusiastically welcome the project, but that they are not all clear on exactly what they will do, and what the exact roles of each resident will be. Perhaps that will easily clarify itself once the community interventions are finalized.

##### Potential Role and Involvement of Local NGOs in the Project

48. Based on meetings and discussions, the LNGOS in West Kalimantan appear to have the capacity to implement community projects. The LNGOs say that they can manage project funds and report on the project and finances, and have track records in doing so previously with other international donors, including the World Bank. Activities that LNGOs are currently implementing in the project area and vicinity include installation of solar panels, micro-hydro, organic farming, orangutan conservation, and livelihoods.

49. JMM focuses on income generating activities for women from weavings. Women cooperatives have established market links with outlets in places outside Sintang. FASDA Sawit has also encouraged local people to become independent farmers. This NGO can also provide technical assistance to farmers in nursery development, rubber plantation management, vegetative plant propagation, and new hybrid of coconut in home gardens. In response to fast palm oil development by independent farmers and smallholders, there is a

need for a regulation to limit the expansion especially at protected areas. Such regulations require law enforcements.

50. KOMPAS focuses on nature tourism, which can serve as a resource center for school children to learn. This NGO has inventoried richness of nature and culture and many craft products produced by different Dayak ethnic groups in the area. The market for these crafts is the local and national market. SFC (Sintang Fishing Club) focuses on the conservation of rivers, as they perceive that too few people understand the laws and regulations regarding waters. SFC has assisted villages to form village regulations (Perdes) for water conservation. They restore fish resources and promote aquaculture development through floating fishnets. KOMPAKH in Kapuas Hulu has developed community-based ecotourism, and the NGO has proposed to replicate the ecotourism in other villages. FORINA is an NGO that focuses on orangutan conservation. Lanting Borneo is an NGO active in advocating the land rights of indigenous community through participatory mapping.

51. During meetings with LNGOs, participants confirmed that:

- It will not be an issue to require LNGOs to be registered to bid for and win a contract.
- LNGOs are willing to sign contracts with the government, assuming that the contracts are very clear and that all details are clearly articulated in advance of contract commencement.
- LNGOs are not likely to find out about contracting opportunities that are posted online. The project staff must actively reach out to LNGOs to inform them of any business opportunities (this should be incorporated into the stakeholder communications strategy).

52. Working groups with LNGO participants already exist at the district level for tourism development, honeybee production, Heart of Borneo, and spatial planning, among others. These working groups would be good entry points for advertising opportunities and for learning about current activities and what models are currently working well. The working groups may also lead to opportunities for establishing consortia of LNGOs, should that be an appropriate way for LNGOs to provide the services needed. The FORCLIME project team advised ADB that regular coordination meetings between project staff and LNGOs in the area are important during both project preparation and implementation.

#### Role of the FMU

53. The FMU, although a key and willing player in the project, needs to have a role that matches its own role and abilities. The FMUs only opened their offices in 2014, and the Kapuas Hulu FMU head said they have 18 staff in 2 offices, and although the FMU has an office, computers, and a vehicle, relies on solar power at the office, which is not currently powerful enough to support all of the office's needs. In 2016, the FMU will shift from being a district to provincial body, and that must create some apprehension among its staff as to how the change will be implemented.

54. Furthermore, the FMU head shared that many communities are afraid to work with the FMU, as they fear that the FMU will occupy or confiscate their land. He also mentioned that communities were not typically willing to start working on projects unless they were certain to see results. That may be a result of communities not having confidence in working with the FMU due to reasons listed above. Therefore, it is recommended that the FMU's role is scaled up during the project- that is, it starts quite small, and then building on new responsibilities, it takes on a larger role once it has the ability to do so. The FMU is a key stakeholder in the project, yet has extremely limited capacity now and so its role must reflect that.

55. The consultation and participation plan for implementation phase can be seen in Appendices 1, 2 and 3. The plan covers project outputs: (1) Community focused and Gender REDD+ pilots implemented in selected districts, (2) Provincial REDD+ strategy in West

Kalimantan effectively implemented, and (3) Sub national carbon policies are harmonized with national policies.

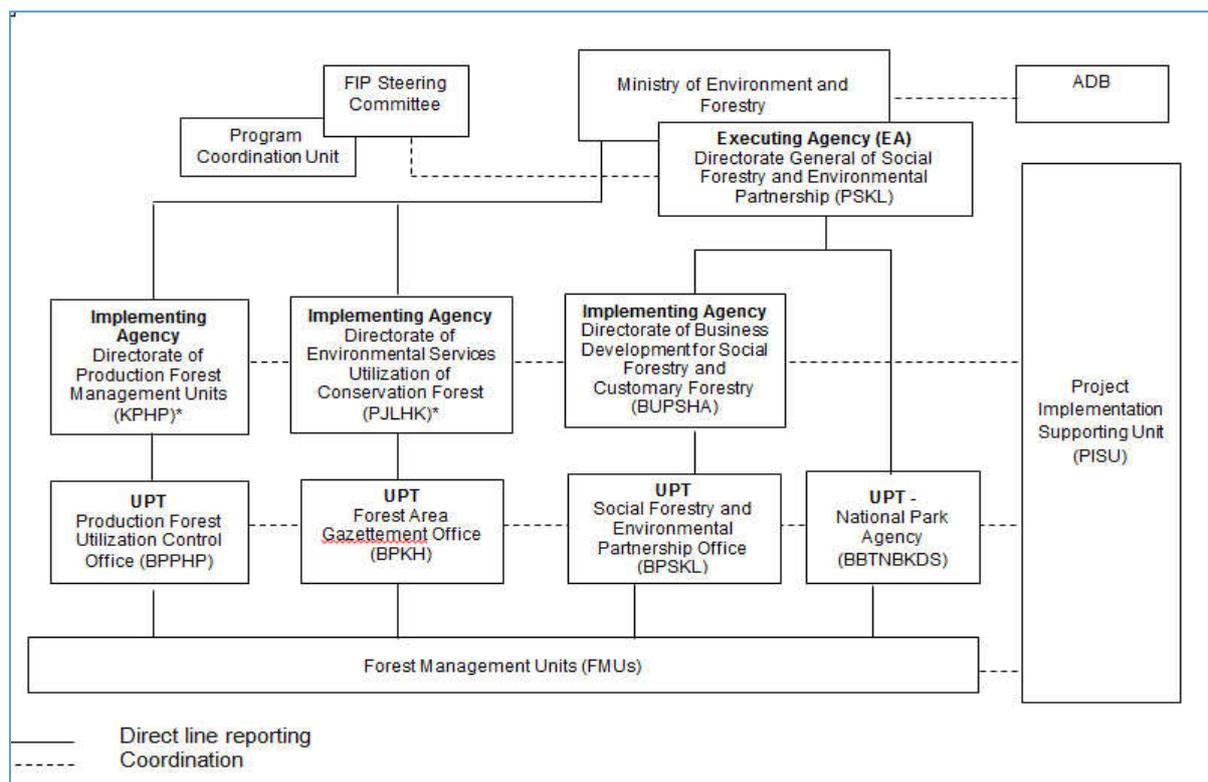
## **F. Project Implementation Arrangements**

56. The executing agency for FIP I under ADB grants is the Ministry of Environment and Forestry's Directorate General of Social Forestry and Environmental Partnerships. The Executing Agency will be responsible for overall coordination of the Project activities as per requirements of the "Planned Grant" modality and ensure proper fund flow arrangements in cooperation with the Ministry of Finance and ADB. The Executing Agency will also be responsible for coordinating with the FIP Steering Committee and comply with the FIP requirements, including annual monitoring and reporting of the project's contribution to the FIP Results Framework. Figure 2 shows the implementation arrangements of the Project.

57. The FIP I Steering Committee (SC) comprises MoEF, Ministry of Finance (MoF), National Development Planning Agency (BAPPENAS), Coordinating Ministry of Economic Affairs (CMEA), Directorate General of Rural and Human Resource Development of the Ministry of Home Affairs, FIP Project Director, Dedicated Grant Mechanism (DGM) Steering Committee, and includes multilateral development banks (ADB, WB and IFC) as observers. The SC will provide oversight for the project and coordinate REDD+ policy priorities across various ministries, and provide coordination among the FIP supported engagements by the ADB, WB and IFC.

58. The Implementing Agencies will include three directorates in the MoEF, namely the Directorate of Business Development for Social Forestry and Customary Forest (BUPSHA), the Directorate of Environmental Services Management of Conservation Forest (PJKK), and the Directorate of Sustainable Production Forest Management (PHPL).

59. The IAs will be accountable for implementation of project activities and provision of technical advice through UPTs (Unit Pelaksana Teknis, Technical Implementing Unit) at the provincial level. These UPTs will include Social Forestry and Environmental Partnerships office (BPSKL), Production Forest Control Agency (BP2HP), Forest Area Gazette Agency (BPKH), Betung Kerihun National Park (BTNBK) and Danau Sentarum National Park (BTNDS).



**Figure 3. Project Organizational Chart**

60. The project implementation supporting unit (PISU) will be a group of consultants responsible for the day-to-day implementation of the project at national, provincial and district levels, including the overseeing of the project safeguards, monitoring and reporting. The PSU shall assist the EA and IAs to prepare detailed project work and financial plans; prepare and appraise the reports of the subprojects; develop implementation approaches, procedures, and guidelines for key project activities and for coordinating implementation by the concerned agencies at the national and regional level; develop selection criteria for NGOs and other service contractors; design and develop the project management information system, including the monitoring plan for project progress; procure goods and services, including preparation of bid documents, evaluation criteria, evaluation of bids, selection of winning bidders and award of contracts to winning bidders; monitor project progress and the performance of various service consultants; prepare regular progress reports for submission to MOEF, ADB, and assist ADB review missions.

## Annex 1. Consultation and Participation Plan

Output 1: Community focused and gender responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy and guidelines, and to plan and coordinate the implementation of project activities	Consultation, Depth: high.	Through regular steering committee and technical consultative group meetings and routine office work	Team Leader, Project Support Unit	2016	2020
UPT (BPDAS, BP2HP, BPKH, BK NP, DS NP) and FMU (FMU P/K/L) as Implementing Units.	To plan and implement project activities in the project areas	Partnership, depth high.	<p>Involvement in project activities in line with descriptions as found in other project documents, including:</p> <ul style="list-style-type: none"> <li>▪ train FMU staff, MHA and local community members, including women, on REDD+ aspects;</li> <li>▪ enforce forest law;</li> <li>▪ oversee implementation of safeguards, FPIC, conflict mediation and PES;</li> <li>▪ establish a REDD+ monitoring and safeguard information system with geospatial databases;</li> <li>▪ develop spatial and business plan for FMU through a participatory process consistent with CBFM plan;</li> <li>▪ support establishment of FMU “block 21” and prepare its business plan;</li> <li>▪ support assisted natural regeneration of forest;</li> <li>▪ establish a fund flow mechanism at community level as basis of result-based payments for verified performance in SFM and emission reduction; and</li> <li>▪ facilitate coordination and information dissemination on SFM and REDD+ between FMU and provincial offices with improved communication infrastructure.</li> </ul>	Team Leader of Project Support Unit and Project Implementing Unit (FMU, and UPT of Government offices)	2016	2020
Local firms, which may include NGOs, as	To implement project components	Partnership, Depth: high.	Involvement in project activities in line with descriptions as found in other project documents, including:	Responsible persons within any contracted firm or	2016	2020

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
project sub-contractors	awarded through open bidding		<ul style="list-style-type: none"> <li>▪ delineate forest and village areas in FMU,</li> <li>▪ design community-based forest management initiatives in 10 villages (in FMU impact areas),</li> <li>▪ oversee land-based and non-land-based livelihood development,</li> <li>▪ implement small grants for women and rural development activities, and</li> <li>▪ provide equipment and training for community-based forest management.</li> </ul>	LNGO(s)		
National NGOs to act as an independent monitor and watch dog	To independently monitor project implementation	Consultation, Depth: high.	<p>To conduct close monitoring of activities:</p> <ul style="list-style-type: none"> <li>▪ delineation of forest and village areas in FMU,</li> <li>▪ design community-based forest management initiatives in 10 villages (in FMU impact areas),</li> <li>▪ land-based and non-land-based livelihood development,</li> <li>▪ implementation of small grants for women and rural development activities,</li> <li>▪ provide equipment and training for community-based forest management</li> </ul>	Focal persons for advocacy and monitoring functions		
MHA, local communities, and women as right holder and project owners	<p>To get prior informed, consent and involved to the project activities and outputs</p> <p>To develop ownership and get equitable benefits from the project results</p>	Partnership, Depth: high	<p>Involvement in project activities:</p> <ul style="list-style-type: none"> <li>▪ Delineation of forest and village areas in FMU,</li> <li>▪ design of community-based forest management in 10 village (in FMU impact areas),</li> <li>▪ land-based livelihood development,</li> <li>▪ non-land-based livelihood development,</li> <li>▪ small grant for women,</li> <li>▪ rural development activities,</li> <li>▪ provide equipment and training for community-based forest management.</li> </ul>	Village Facilitator(s), Head of villages and community representatives	2016	2020

Stakeholders	Objectives of intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Private sector companies (palm oil companies and association) as development partners	To generate and share information and resources for economic development and reduce emissions	Information generation Depth: low.	Share project communication and information materials, printed and electronic through project website	Communication/PR Specialist	2015	2020

## Output 2: Provincial REDD+ strategy in West Kalimantan effectively implemented

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy, guidelines, plan and coordinate the implementation of project activities	Consultation, depth: high	Steering Committee and Technical Consultative Group Meetings	Project implementing Units	2016	2020
UPT and FMU (FMU P/K/L) as Implementing Units.	To plan and implement project activities in their areas.	Partnership, depth: high.	Involve in project activities: <ul style="list-style-type: none"> <li>▪ Establish a provincial monitoring and safeguard information system for REDD+,</li> <li>▪ conduct provincial workshops and training programs on REDD+ concepts and carbon accounting including drafting regulations,</li> <li>▪ establish a grievance redress mechanism on tenure and REDD+ activities,</li> <li>▪ facilitate coordination and information dissemination</li> </ul>	Project Implementing Units	2016	2020
National NGOs as independent monitoring, reviewer	To take part in review of existing and new policies formulation.	Consultation, depth: high.	To monitor, review project activities : <ul style="list-style-type: none"> <li>▪ processes to establish a provincial monitoring and safeguard information system for REDD+,</li> <li>▪ conduct provincial workshops and training programs on REDD+ concepts and carbon accounting including drafting regulations,</li> <li>▪ establish a grievance redress mechanism on tenure and REDD+ activities,</li> <li>▪ facilitate coordination and information dissemination</li> </ul>	Project Implementing Units	2016	2020
MHA, Local Communities and women as primary stakeholder and most affected by REDD+ policies and strategies in the project area.	To enhance their capacity related with REDD+ policy and process and take fair benefit from it at the implementation.	Consultation, depth: high.	Participate in training/workshop: <ul style="list-style-type: none"> <li>▪ safeguard, carbon accounting, participatory planning,</li> <li>▪ design strategy of grievance mechanism,</li> <li>▪ tenure conflict resolution. Active participation on consultative process of policy on monitoring of REDD+ activities.</li> </ul>	Project Implementing Units	2016	2020

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Private sector (palm oil and timber companies and association) as development partners	To inform to the project and generate support.	Information sharing, depth: low.	Share project communication and information materials, printed and electronic through project website	Project Implementing Units	2016	2020

Output 3: Sub-national fiscal policies on REDD+ harmonized with national policies.

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
Directorate General of Social Forestry and Environmental Partnership as Executing Agency	To provide policy, guidelines, plan and coordinate the implementation of project activities	Consultation, depth: high	Steering Committee and Technical Consultative Group Meetings	Project implementing Units	2016	2020
UPT and FMU (FMU P/K/L) as Implementing Units.	To plan and implement project activities in their areas.	Partnership, depth: high.	<p>Involvement in project activities:</p> <ul style="list-style-type: none"> <li>▪ Assessment of fiscal policies harmonization and production of policy paper,</li> <li>▪ technical and policy dialogues on harmonizing fiscal policies and regulations, forest industry strategy in West Kalimantan assessed and support provided to ensure the policy harmonization with forest industry strategy at national level.</li> <li>▪ Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposal to extent scope, area and/or time frame of the current project.</li> </ul>	Project Implementing Units	2016	2020
National NGOs as independent monitoring, reviewer	To take part in review of existing and new policies formulation.	Consultation, depth: high.	<p>Take part in project processes:</p> <ul style="list-style-type: none"> <li>▪ Assessment of fiscal policies harmonization and production of policy paper,</li> <li>▪ technical and policy dialogues on harmonizing fiscal policies and regulations,</li> <li>▪ Assess and support forest industry strategy in West Kalimantan to ensure the policy harmonization with forest industry strategy at</li> </ul>	Project Implementing Units	2016	2020

Stakeholders	Objectives of their intervention	Approach to participation and depth	Participation Method		Time Line	
			Method	Who is Responsible	Start	End
			national level. <ul style="list-style-type: none"> <li>▪ Identify relevant funding sources for REDD+ implementation and conduct training to prepare proposal to extent scope, area and/or time frame of the current project.</li> </ul>			
MHA, local communities and women as primary stakeholder and most affected by REDD+ policies and strategies in the project area.	To enhance their capacity related with REDD+ policy and process and take fair benefit from it at the implementation.	Consultation, depth: high.	Participate in training/workshop: safeguard, carbon accounting, participatory planning, design strategy of grievance mechanism, tenure conflict resolution.  Active participation on consultative process of policy on monitoring of REDD+ activities.	Project Implementing Units	2016	2020
Private sector (palm oil and timber companies and association) as development partners	To inform to the project and generate support.	Information sharing, depth: low.	Share project communication and information materials, printed and electronic through project website	Project Implementing Units	2016	2020

## Annex 2. Summary of Visited Village and Community's Proposal to FIP

<b>District: Sintang</b>					
<b>Village</b>	<b>Village Typology</b>	<b>General Infrastructure</b>	<b>Population and Ethnicity</b>	<b>Sources of Livelihood</b>	<b>Community's Proposal to FIP</b>
Radin Jaya	Low land, dry land rice field, surrounded with good forests, water available at the whole year from small rivers and springs	Village macadam roads, water and sanitation piping are installed, no electricity, only individual gensets	Total population of 1,429 with Dayak Iban and Kantu ethnics dominantly reside in the village.	Swidden agriculture with paddy, cassava, vegetables, rubber and pepper. Average daily income IDR 50,000/household.	Create new irrigated rice field from available 300 ha of land with continuous water source, micro-hydro, intensify home garden with productive plants, and aquaculture; improve design and marketing of rattan and bamboo weavings.
Wanabhakti	Low land with good forests in the surroundings, small rivers and springs.	Cemented roads in the village, paved gravel road to dry land fields not accessible during rainy seasons, water and sanitation installation, individual genset for electricity.	Total of 1,658 village population with Dayak Iban and Kantuk ethnics dominantly reside in the village.	Swidden agriculture, dry land paddy, chilly vegetables, pepper, and rubber, fish culture and poultry. Daily income IDR 84,000/HH	Construction of road to open access to market for agricultural products, extension to enhance agriculture and animal husbandry.
Desa Swadaya	Lowland, agriculture dry land fields with secondary forests, river and springs	Village macadam roads, no water sanitation and electricity. Individual genset.	Total of 1,108 village population with dominantly Dayak Iban ethnic reside in the village.	Swidden agriculture, dry land paddy, pepper and rubber, average daily income IDR 25,000/HH.	Latex processing, fish culture, high yielding rubber seedling, development of irrigated rice field, installation of electricity and water – sanitation facilities.

Desa Kayu Dujung	Low to hilly land with good protected forests in the surroundings, small rivers and springs.	Village macadam roads, asphalted road connecting to other district. Electricity is not available, only individual gen set. No water and sanitation installation available.	Total of 1,804 village population consists of Dayak Iban with Kantuk	Swidden agriculture, dry land paddy, pepper, few cattle and pig raising. Daily income IDR 60,000/HH	Construction of road to open access to market agricultural products and extension to develop agriculture and animal husbandry.
<b>District: Kapuas Hulu</b>					
Desa Mensiau	Lowland, with good forest surrounding, small rivers and water springs	Village macadam and cemented roads, water, sanitation and solar energy installed in Rumah Betang.	Total 414 community members of Dayak Iban.	Swidden agriculture, dry land paddy, vegetables, pandan and rattan weaving and pig raising. Daily income IDR 45,000/HH	Cage pig raising and new irrigated rice field development.
Desa Leboyan	Swampy land, close to rivers or Danau Sentarum	Village macadam roads, no electricity except individual gensets, water and sanitation installed.	Total 650 population of Malay community.	Capture fishing, collection of natural honey, swampy rice culture and rubber. Daily income IDR 55,000/HH	Training for fish food pellet processing and marketing of natural honey and fish products.
Desa Melembah	Swampy land, upper river of Sentarum good forest surroundings.	Poor village roads; transportation is dominantly through river/boat; electricity, water and sanitation installed in Rumah Betang.	Total population 364, Dayak Iban majority with Malay minority.	Capture fishing, honey collection, rubber and pandan/rattan weavings. Daily income 53,000/HH	Agriculture extension for more productive land for food and rubber, better marketing and practice of aquaculture.
Desa Sibau Hulu	Lowland, with good condition forest in the surrounding, small rivers and water springs.	Most of the village roads are paved gravel, hard to use as transportation during rainy seasons. No electricity available	Total population 1,218, with dominantly Dayak Taman resides in the village.	Swidden agriculture with rubber, dry land paddy, vegetables, pandan and rattan weaving and pig raising. Daily income IDR 45,000/HH.	Installation of village electricity through micro hydro, enhance rubber agro forest, improvement of village roads for better transportation.

		except individual gensets. No water facilities installed for villagers.			
Desa Sungai Uluk Palin	Lowland with good forest in the surrounding, small river Uluk Palin and springs.	Village roads are paved gravel and macadam, river with boat transportation still play important roles. No piping water in the houses but collection water from river.	Total population of 756, with mostly Dayak Ambaloh ethnic resides in the village.	Swidden agriculture with rubber, gaharu or tengkawang, paddy and vegetables. Pepper are also commodity that planted by the haves. Average daily income IDR 100,000/HH.	Intensification and processing of rubber, gaharu agro forest and village water installation.
Desa Banua Tengah	Swampy land with good forest cover, river Apalin is one of the water sources for village consumption.	Village roads are paved gravel and macadam, river with boat transportation still play important roles. No piping water in the houses but collection water from river.	Total of 602 population of Dayak Tamambaloh Apalin are dominantly resides in the village.	Swidden agriculture with dominantly rubber trees, paddy, cassava and vegetables. Bamboo is plentiful and has been used as sources of weaving aside from rattan. Average daily income IDR 75,000/HH.	Village electricity through micro hydro, enhance rubber agro forest, processing of sugar cane, better design and marketing of rattan and bamboo craft.

### Annex 3. Stakeholder Consultation events

<b>Government Institutions</b>			
<b>Date/Event</b>	<b>Venue</b>	<b>Participants</b>	<b>Issues Discussed/Remarks</b>
24 October 2014/ Consultation	Bappeda Office, Pontianak	1 (Secretary of Bappeda)	Environmental threats, project activities, management and financing
27 October 2014/ Consultation	Bappeda office of Sintang	2 (Secretary and staff of Bappeda)	Current issues of FMU development and land uses
27 October 2014/ Consultation	Dinas Kehutanan dan Perkebunan Office, Sintang	3 key staff of Dinas	Current progress of FMU
28 October 2014/ Consultation	Dinas Kehutanan dan Perkebunan Office, Kapuas Hulu	3 key staff of FMU Kapas Hulu	Current issue of FMU development and land issues
29 October 2014/ Focused Group Discussion	FMU Office in Kapas Hulu	17 FMU staff and community representatives	Socialization of FMU program plan, response and concerns from community
2 December 2014/ Consultation	Dinas Kehutanan dan Perkebunan Sintang	3 key staff of FMU Sintang	Organization structure and financing of FMU
3 December 2014/ Consultation	Bappeda Office, Sintang	1 Secretary of Bappeda	Project management and financing
10 December 2014/ Consultation	Dinas Kehutanan dan Perkebunan office, Kapuas Hulu	3 Key staff of FMU	Problem mapping of FMU operation
18 January 2015/ Consultation	MoEF	DG Planology and GIZ	Coordination and selection of project sites
<b>National/Local NGOs</b>			
<b>Date/Event</b>	<b>Venue</b>	<b>Participants</b>	<b>Issues Discussed/Remarks</b>
24 October 2014/ Focused Group Discussion	WWF Office, Pontianak	6 (WWF and NGOs based in Pontianak)	NGOs' activities mapping
25 October 2014/ Focused Group Discussion	WWF Office, Sintang	8 (local NGOs based in Sintang)	NGOs' activities mapping
26 October 2014	KOBUS Office, Sintang	1 (Father Jack Messen,)	Dayak ethnic concerns
28 October 2014/ Consultation	GIZ Project office, Kapas Hulu	2 key staff	GIZ FORCLIME scope of activities

28 October 2014/ Focus Group Discussion	WWF office in Kapuas Hulu	6 local NGOs based in Kapuas Hulu	Mapping of NGOs' activities and identification of threats to environment
Focused Group Discussion	WWF Office in Sintang	7 staff of local NGO based in Sintang	Existing activities in community development
<b>Communities</b>			
4 December 2014/ Focused Group Discussion	Desa Wanabhakti	16 villagers	Past and present experience of development project, suggestion for FIP activities
5 December 2014/ Focused Group Discussion	Dusun Buboy, desa Swadaya	26 villagers of dusun Buboy	Past experience of development project, suggestion for FIP activities
6 December 2014/ Focused Group Discussion	Dusun Kelawi, desa Mensiau	12 villagers of dusun Kelawi	Past experience of development project, suggestion for FIP activities
8 December 2014/ Focused Group Discussion	Dusun Semangit, desa Meliau	6 villagers	Past experiences of development and suggestion for FIP activities
	Dusun Meliau, desa Melembah	15 villagers	Disclosure of FIP, suggestion for activities
10 December 2014/ Focused Group Discussion	WWF Office, Kapuas Hulu	7 staff of NGOs based in Kapuas Hulu	NGO activities mapping
March Household Survey	Villages:	4 University students of UNTAN.	Household survey

## **Annex 4: Stakeholder Consultation and Participation**

### Stakeholder Consultation and Participation: Process and Implementation

Author Yani Saloh and Yosef Arihadi

#### **Introduction**

1. Stakeholder participation is an important element in designing and implementing projects that involve a range of actors and stakeholders who are affected by the project. The 4 main groups of stakeholders identified in this project include the government; civil society organizations (NGOs, affected people, research institutions, and academia); private sector companies; and FIP Indonesia, MDBs, and bilateral donor institutions who have been consulted and have contributed to the project design. Furthermore, they expect to be involved in project implementation way, including through the monitoring of project activities.

2. Participation aims to improve development results by ensuring that the range of stakeholders understand and participate in the decisions, resource allocations, and activities of the project that will affect them and ensure the engagement's benefits.

3. As part of the project design process, the PPTA team, in cooperation with MoEF and ADB, conducted a series of stakeholder consultations including a kick-off meeting, inception and interim workshops, a multi stakeholder consultation, the ADB fact finding mission, focus group discussions and formal and informal meetings. These events allowed the team to share information; collect data; seek inputs and feedback from different stakeholders at national, provincial, district/FMU level; and to promote accountability and transparency, while ensuring that all stakeholders participated in the decision making process.

4. In the process, especially while meeting affected communities, the PPTA team encouraged stakeholders to develop their own ideas and solutions, using a community-led participatory approach. For example, communities selected livelihood interventions based on their discussions and capacity, so people can take action themselves, how they want. To ensure sustainability of the project, a revolving scheme with a community asset which will revolve among the communities forms part of their commitment.

#### **A. Consultation Process and approach**

##### **A.1. Process and approach with government at national level**

5. The project is part of Indonesia Forest Investment Program (FIP) which was endorsed by the FIP Sub-committee on November 2012 to become one of the 8 FIP pilot countries with Ministry of Environment and Forestry (MoEF) as executing agency. Soon after the endorsement, the Gol made its own preparations to support its commitment as a FIP pilot country.

6. On April 3, 2013, the Minister of Forestry issued ministerial decree No. SK. 224.Menhut-II/2013 on establishment of Steering Committee member for FIP Indonesia. The decree stated that the SC FIP Indonesia aims to assist the Gol in planning, implementing, monitoring and evaluation of the FIP Indonesia activities. The tasks included evaluating project progress and reporting to the Minister of Forestry and FIP Sub-Committee through MDBs and the CIF Administration Unit.

7. On January 29, 2014 the Ministry of Forestry Secretary General issued letter No.S.56/ II-KLN/ 2014 to appoint Pusat Standardisasi dan Lingkungan Kementerian Kehutanan (Center for Standardization and Environment) as the *Executing Agency* (EA) for project preparation to prepare documents of the Project Preparatory and Technical Assistance (PPTA) Forest

Investment Program Project I. Through a bidding process ADB then selected South Pole Carbon Asset Management as a winning bidder for PPTA document.

8. The project kick-off meeting was held at the Ministry of Forestry's office in Jakarta on 6 October 2014. The kick-off meeting presented the FIP's progress, plans, and follow up actions. That meeting was followed by several others among the Ministry of Forestry, ADB and the PPTA team.

**Table 1: Consultation and meetings during the PPTA process**

No	Name of Event	Venue			Date
		National	Province	District/ FMU	
1	Kick off meeting	Jakarta			06 Oct 2014
2	Village survey		Pontianak	Sintang, Kapuas Hulu	24 Oct - 4 Nov 2014
3	Inception Workshop		Pontianak		05 Nov 2014
4	Village survey (social safeguard)		Pontianak	Sintang, Kapuas Hulu	7 - 14 Nov 2014
5	Interim Workshop	Jakarta			23 Mar 2015
6	Stakeholder discussion for project activity			Sintang, Kapuas Hulu	1 - 12 Dec 2014
7	Multi-stakeholder consultations			Sintang	06 Apr 2015
8	Multi-stakeholder consultations			Kapuas Hulu	07 Apr 2015
9	Multi-stakeholder consultations		Pontianak		09 Apr 2015
10	A pre-Fact Finding Mission		Pontianak	Kapuas Hulu	15-18 Apr 2015
11	Fact Finding Mission	Jakarta	Pontianak	Kapuas Hulu	21-27 April 2015
12	CSO Engagement	Jakarta			27 April 2015
13	ADB Multi-stakeholder consultations			Kapuas Hulu	19-20 May 2015

9. In October 2014, under the new government, the Ministry of Forestry merged with the Ministry of Environment, becoming the Ministry of Environment and Forestry (MoEF). The internal consolidation process took longer than expected, and as a result, it delayed key decisions that affected the project's organizational structure.

10. Pustanling conducted and facilitated several meetings internally to identify what directorate qualified as project implementer and had capacity (in terms of skills and human resources) and was willing to be the executing agency (EA). Initially Biro Perencanaan was considered to be the project EA; however they rejected the offer because of other work implementing the GIZ-financed FORCLIME project in West and East Kalimantan. The GIZ-financed FORCLIME project has the same fund flow mechanism as FIP I. That is, it has a planned grant where the grant flows into the national budget and DIPA.

11. After several internal meetings (mostly through breakfast meetings held in the Secretary General's office), finally on 7 May, 2015, the Secretary General issued letter No S.298/II-KLN/2015, to assign the Directorate General of Social Forestry and Environmental Partnerships as EA for the project. Three directorates would be involved and will be accountable for project implementation and the provision of technical advice through UPTs (*Unit Pelaksana Teknis/Technical Implementing Unit*) at the provincial level.

#### **A.2. Process and approach in sub-national level**

12. As agreed, 3 directorates will be accountable for project implementation and will provide technical advice through UPTs. UPTs will be based in the province and will provide technical advice to the Project Supporting Units (PSU), which will be created at the provincial and district level. In the provinces, the UPT will comprise BPDAS: Watershed Management Office; BP2HP (Production Forest Utilization Control Office); BPKH (Forest Area Gazettment Office); TNBK (Betung Kerihun National Park Office) and TNDS (Danau Sentarum National Park Office).

13. The project requires strong coordination and synergy between the project and MoEF at national, sub-national, and district/FMU levels to ensure an efficient functioning of project implementation. Coordination between the project with the Forestry Agency in the province and the related provincial government is critical to the success of project's implementation, since under the national law No. 23/2014 on decentralization, effective in 2016, the FMU will be under provincial authority.

14. As revealed during provincial multi-stakeholder consultations conducted in Pontianak on April 6-9, 2015 by the PPTA team, the FMU concept is not fully supported and there may be conflicts of interest amongst staff in the provincial forestry agency. Provinces and districts typically have different needs and agendas. At the provincial level, the needs and interests are driven largely by political interest, whereas the role, personality, and interests of the governor will significantly influence the success of the project. This is a complex issue which could hamper implementation if not settled quickly; therefore, an intensive communication to build common understanding is needed. Two potential ways to mitigate the risks include:

- a. MoEF enhances its internal communication between central and province, so that the FMU is part of national strategies, and/or
- b. The project helps raise awareness and builds capacity on FMU-related issues and synchronizes the provincial FMU districts plans, at least 4 months prior to the implementation of the project.



Caption: Multi-stakeholder consultations meeting in provincial level, at Forestry Agency office in Pontianak on April 9, 2015. At the meeting, FMU concept was not fully supported by its Forestry Agency staff.

### A3. Process and approach in district and FMU

15. Engagement and consultations took place several times both in Sintang and Kapuas Hulu districts, and went well. The consultation process involved Bupati, Dinas Kehutanan dan Pertanian, Bappeda (*Badan Perencanaan Pembangunan Daerah*/Regional Development Planning Agency), FMU, and members of the target communities.

16. The district government welcomed the projects and looking forward for cooperation and project implementation. Mostly they see the project as opportunity to work together to enhance their capacity in managing the forest, to support local planning related to forest management, and to contribute to the improvement of the district economy.

17. The FMU accepted the project and is committed to project implementation. In FMU Sungai Merakai, Sintang, the head of the FMU expressed his enthusiasm to implement the project and in advance preparation, trained 8 staffs in Bogor in early 2015 on community empowerment. According to the staff of FMU Sungai Merakai Sintang, the staff was trained especially to prepare their capacity for project implementation. It is important to acknowledge the FMU's voluntary participation to indicate that the project belongs to them and that their staff will contribute to the project's successful implementation.



Caption: Consultation with the community, accompanied by head of FMU Sungai Merakai. The PPTA team was sharing the information about the project and seeking input from the community.

## B. Process and approach with Civil Society Organizations (CSOs)

18. The stakeholder group of civil society organizations (NGOs, academic, affected people) is divided into 3 levels, national, province and districts, which have capacity to mobilize funds, allocate resources, and develop methodologies to support project planning, implementation and monitoring of project activities.

### B.1. National Level

19. In national level, the process began in 2014 with the ADB consultant and staff and was continued by the PPTA team, through a series of formal and informal dialogues, kick-off meeting, the inception workshop, an interim workshop, the ADB fact finding mission meeting

and emails (sharing information). The results are diverse, and resistance to the project comes from several NGOs based in Jakarta that won't have direct involvement in the project, but was well accepted by local NGOs working in the project area.

20. The early stage included information sharing about the project and the ADB accountability mechanism. The NGOs involved in the early project design at the national level include Kehati, Kemitraan, FMUSK, ICEL, FFI, (Fauna and Flora International), FKKM, WWF Indonesia, AMAN, and FWI. Some who contributed through email exchanges as they refused to attend the meetings were Solidaritas Perempuan, Ecological Justice, Transformasi untuk Keadilan Indonesia, and Epistema. NGOs that were invited but didn't want to comment or meet are WALHI, Greenpeace, Debt Watch, Bank Information Center, Sawit Watch, and IESR. Dewan Kehutanan Nasional (DKN/National Forestry Council) declined to attend the CSO engagement as part of the ADB fact finding mission to Jakarta on April 27, 2015.

## **B.2. Sub-National Level and District/FMU**

21. NGO consultations and engagement at the province level included informal dialogue, inception and multi-stakeholder meetings. In Sintang, several NGOs such as Permadas (*Persatuan Masyarakat Adat Dayak Seberuang*), KOMPAS (*Komunitas Pariwisata Sintang*), PRCF (People Resources and Conservation Foundation), WWF Indonesia, Sintang Fishing Club, *Aliansi Masyarakat Adat Nusantara* (AMAN), and KOBUS (a Dutch LNGO organized by a community member). Fasda Sawit, an organization of independent palm oil farmers (*petani sawit swadaya*), was also approached. None of Fasda's members come from villages in the FMU but two Fasda staff work on communication and monitor Ketungau Tengah<sup>12</sup>.

22. In Kapuas Hulu, engagement and consultation process involving NGOs includes Fauna and Flora International (FFI), WWF, FORINA, KOMPAKH (*Komunitas Pariwisata Kapuas Hulu*), Gemawan, Lanting Borneo, Putusibau Art Community (PAC) and AMAN.

23. Most LNGOs that work in conservation and community development in Sintang and Kapuas Hulu have influence on the community in their respective working areas. However, they have low influence in national and local politics.

24. Another stakeholder group involved in the project design is the University of Tanjung Pura, which did survey and social and economy data collecting in the villages where the project will be implemented in FMU areas in both Kapuas Hulu and Sintang.

## **C. Process and approach with Development Partners**

25. The GIZ-financed FORCLIME program is supported by KfW. GIZ is financing REDD+ activities in FMU Kapuas Hulu. The project works in 16 villages and is establishing reference levels and providing technical assistance for the establishment of three FMUs in Kapuas Hulu.

26. GIZ-FORCLIME has agreed to cooperate with the project to avoid overlap of activities and welcomes a joint effort for MRV, as the baseline scenario of MRV should be common to both projects. Coordination arrangement between the two is crucial in order to build a common understanding in conducting activities on the ground.

## **D. Process and approach with the community**

27. The community itself has several social structures, both formal and informal. In the formal structure, the head of villagers is appointed by a democratic process and is a political party representative.

<sup>12</sup> Based on communication via phone with Pak Subarja, coordinator of Fasda Sintang, on December 22, at 11.20.

28. The informal structures include community organizations like MHA (*Masyarakat Hukum Adat*/ customary law community), such as *temenggung* (community leaders), *kepala adat* and *kepala dusun* (head of sub-village or hamlet) who are appointed based on a community consensus and normally those are senior or respected residents. They have influence in the decision making process and often serve as problem solver in case of conflict before it goes to a formal process or vice versa. Often conflicts are triggered by unclear boundaries between those claimed by a traditional area and an administrative boundary. For example, the head of village through *Peraturan Desa* (village regulation) may have accepted the national park boundaries, while the *adat* leaders did not because they were not consulted and involved enough in the process of boundary setting.

29. As a main beneficiary to the project, it is very important for MHA to attain ownership of the project from the design phase, but still by taking into account low capacities to articulate and represent themselves.

30. The PPTA team conducted several field visit to the communities, for information sharing, data collection, interviews, focus group discussions and consultations. Levels of education, concerns, and needs differed between males and females. Females mostly have lower educations, tended to be more concerned about family food security, health and education, while the men were more concerned with having road access (infrastructure), income, and jobs.

31. Therefore, to make sure that all affected people will be well represented, the discussion was split between females and males. Another session took place with the seniors and respected people, such as teachers, religious leaders, women's groups (PKK), children (through Sunday school), and kepala adat. In general, the communities were literate and speak Bahasa Indonesia very well.



Caption: Community informed about the project and involve in giving input for project design in Radin Jaya village. Woman and man group identified what are priority and important for them.

## 2. Stakeholder plan in implementation

### Role of Government

32. MoEF, as executing agency (EA), will oversee overall coordination of the project activities as per requirements of the "Planned Grant" modality and ensure proper fund flow arrangements in cooperation with the Ministry of Finance and ADB.

33. The EA will also be responsible for coordinating with the Project Steering Committee (PSC) and complying with the FIP requirements, including annual monitoring and reporting of the project's contribution to the FIP Results Framework. The PSC members comprise related ministries, such as MOEF (chair), MOF, MOHA, BAPPENAS, CMEA, and Kemenagraria/BPN. The PSC shall provide oversight for the project and coordinate REDD+ policy priorities across the ministries, and provide coordination among the 3 FIP-supported engagements by ADB, WB and IFC.

34. To support the project implementation MoEF agreed to dedicate its staff at various levels – national, provincial and district/FMU level- to the project. This commitment is also reflected in the Aide Memoire. Ten people will be involved at the national level, 8 people in province, 3 in districts and 13 in 3 FMU (FMU Sungai Merakai, FMU Kapuas Hulu and FMU National Park).

35. In the province, there is a West Kalimantan Working Group on REDD+ formed based on governor decree No. 115/blhd/2012. It can play a role as an independent party to monitor and evaluate project progress and implementation, as aligned with the FIP's main goal and West Kalimantan's SRAP on REDD.



Caption: Coordination meeting with related directorate at MoEF chaired by head of Pustanling, Dr. Agus Sarsito. The meeting aimed to share project progress and its implementation design, and to discuss on what directorate to be the executing and implementation agency.

### Role of CSOs

36. CSOs (NGOs, academia, and affected people) can contribute to design, technical aspects, implementation, or monitoring and evaluation. At the national level, NGOs were concerned about the accountability of the project as a grant because the funding will flow directly into the national budget, whereas at the local level, NGOs want to know how they can access funds. Yet there are many roles that both national and LNGOs can play in the project.

37. For example, NGOs who work in anticorruption can be an independent group to monitor the bidding process of project implementation, or monitor project implementation. In district level, NGOs with experience in the project area can bid on packages to help implement the project. The PPTA team encouraged LNGOs to bid on parts of the project implementation. There are also lots of areas for synergy between the project and LNGOs, especially those who have been working in community right in land tenure or participatory mapping, which supports communities to have clearer boundaries between their village and forest area.

38. Universities can contribute to technical aspects of project design and be an independent team for monitoring and evaluating the project implementation. Others international research institution such as CIFOR (Centre for International Forestry Research) and ICRAF (International Center for Research in Agroforestry) have presented their research agendas which illustrate how they can support project intervention through scientific, conventional research or applied and participatory action research.

39. In the FMU area, there are also farmer groups, associations and cooperatives, including women's groups. Community organizations such as APDS (*Asosiasi Periau Danau Sentarum*)/Danau Sentarum Honey Association, JMM (*Jaringan Menenun Mandiri*)/ Women Weaving Group, Kelompok Nelayan/Fisher Groups, and Kelompok Tani/Farmer Groups can be involved based on their experience on the ground to join project implementation.



Caption: PPTA team member meeting with local NGOs at WWF office in Sintang, to collect data, consultation and discuss about the project.

### Roles of Private Sector

40. The last but not least is private sector group. They are often reluctant to be involved even when invited. There are many private sector companies in both Kapuas Hulu and Sintang, dominated by palm oil companies, logging and timber concessions, and mining and carbon project developers. In FMU Sintang, there is no palm oil company operating in the area. There are palm oil companies operating near the border of FMU Sintang, which are PT Kiara and PT

Makmur Jaya Malindo. PT Makmur Jaya Malindo was rejected by the communities in Ketungau Tengah in 2013<sup>13</sup>.

41. In Kapuas Hulu, there are 9 sister company of palm oil company by PT Sinar Mas Group with total area of 166,500 hectares.<sup>14</sup> The business expansion has been increasing deforestation, despite creating employment, economic development and other corporate social responsibilities they have. Illegal mining, especially for gold, was also observed as rampant along river areas visited by the PPTA consultants. Both activities are drivers of environmental degradation, mainly related to water quality and forest canopy and soil destruction close to rivers. Community representatives, NGOs and government officials in the discussion pointed out these illegal operations as one of the key drivers of forest and environmental degradation, in addition to development of oil palm plantations.

### **Role of Community**

42. The project center on community based management schemes, where more than 75% of project grant will be invested in community-focused and gender-responsive REDD+ pilots, doing an integrated land base and non-land base management approaches to forestry, social, economy, and ecological safeguards. The project has twin objectives- the environment and community livelihood.

43. As indicated in consultation with community, the community have high interest and strong commitment to implement the proposed project activities, they are willing to be involved and join the project. The project will provide material inputs and capacity building, with the assumption that most labor will be provided by household members, particularly for the establishment of agroforestry in bare lands belong to the community. Therefore the role of community, such as their participation, will play a crucial role in the success of this project. If the community find a reliable alternative income, dependence on forest will be reduced.

44. Learning from community experiences in the past, most projects (particularly government projects) came to their village rarely involving community members in the process and decision-making nor in implementation. The project should continue frequent communication with the community and involve them to participate. However, the community cannot work themselves, such as if they can manage to increase their productions, the local government have to support them with enable condition through local regulation to support their effort. Therefore communication between related parties will be crucial to the success of the project.

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<sup>13</sup> See Tribun Pontianak, 30 April 2013

<sup>14</sup> See WALHI (2009) Potret Buram Sawit di Perbatasan.

## Annex 5. Minutes of the different consultations

### Minutes of Meeting

Religious leader Consultation 26 October 2014

Resource person: Father Jack Messen

Catholic Missionary live in Sintang, West Kalimantan

Attendance/participant; PPTA team (Haryanto Putro, Wisnu Wismantoro, Emil Kleden, Y.Arihadi, Abidah and Andi Basri).

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#### Contents:

As a missionary who live in Kalimantan and having strong concerns to Dayak communities he gave some points in response of PPTA team request for inputs and advices.

Pastor Jack Messen has been living in Kalimantan for decades. As catholic missionary he has strong concern on the Dayak. Dayak in many sub-ethnic groups know what is best for themselves. Present economic development related with the fast growing of palm oil monocultures has threatened Dayak community, land and forests. The major problem in most development initiatives in the area is that Dayak communities' voice is not listened and accommodated in the processes.

In terms of local commodities Dayak communities relates their livelihood with local commodities such as aren palm (*Arenga pinata*), rubber (*Hevea brassiliensis*), cassava (*Manihot utilisima*), coconut (*Cocos nucifera*) and tengkawang (*Shorea spp*). Tengkawang has a strong cultural ties with Dayak commiunties. Dayak use the seed on their prayer rituals to ask fertility, free from calamities and expecting good agriculture harvest to God. The tengkawang is easily grown and has been planted for generations. To protect the species, the government has set the tengkawang as protected tree species through government regulation No.7/1999. The tengkawang or red meranti (*Shorea leprosula* and many other species) can be grown in agroforest and the seed can processed as green butter. Current price is IDR 100,000 per liter, where 1 Kilogram seed can be process into 1,3 liter of oil.

Dayak community is in the transition. Process to become modern community has made social change in negative way for Dayak community. Many of them do not stay in their original community compound, but migrate and stay outside of their long house (*rumah betang*) because of marriage, school, seeking job and many other reason. Many of youth fails in schooling because of alcohol or sex. To get new and modern product like motorcycle, cellphone, electronic supplies and other modern product they sell their land. Most important investment for development of the Dayak community is capacity development.

Sintang, 26 October 2014

Y. Arihadi

## Minutes of Meeting

Bappeda Consultation 24 October 2014

Resource person: Ibu Ruslinda

Secretary of Bappeda Provincial Office in Pontianak, West Kalimantan

Attendance/participant; Wisnu Wismantoro, Emil Kleden, Y. Arihadi

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### Contents:

Representing the government stakeholders, Secretary of Provincial Bappeda in West Kalimantan, gave response on the drivers of deforestation and policy and institutional issue; during PPTA Team consultation meeting.

Bappeda really concerned to the increasing environmental problems such as forest fire and haze that not only affecting local community but spreading beyond national boundaries as well. Legal and illegal logging has been occurred and more rampant at the boundaries close to Malaysia territory. Other mentioned environmental degradation were also noted, those included: destruction of the catchment areas and dried up of the Danau Sentarum National Park at dry season.

Institutionalization of the REDD+ program In West Kalimantan has been going on through enactment of Governor Regulation on Provincial Strategy and Action Plan (SRAP) for reduction of Green House Gasses. The process in formulating the SRAP has been involving district governments. REDD+ program has also been included in in RPJPM (Long-term Development Plan) where the process in formulating is through provincial level Musrenbang (*Musyawarah Rencana Pembangunan Daerah* or Consensus on Local Development Plan).

Increasing demand of palm oil products has also been increasing forest land conversion into palm oil. Demand to land for the use of palm oil plantation are high while on the other hand, the province should balance with the other mission on green economy. West Kalimantan government is basically have strong concern on conservation of forest as can be seen in its effort to designate Kapuas Hulu district as conservation district, the province also part of the Heart of Borneo initiatives.

Other concern is related with the change in legislations on decentralization. The enactment of Legislation No.23/2014 replacing the Legislation No.32/2004 has shifted the locus of the decentralization from district to the hand of provincial level government.

Pontianak, 24 October 2014

Y. Arihadi

## Minutes of Meeting

Bappeda Consultation 27 October 2014

Resource person: Wawan Aliyunan

Secretary of Bappeda District Office in Sintang, West Kalimantan

Attendance/participant; PPTA team (Wisnu Wismantoro, Emil Kleden, Y. Arihadi and Yani Saloh) and Bappeda staff.

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### Contents:

Representing the government stakeholders, Secretary of District Office Bappeda in West Kalimantan has concerns on current status of FMU, land issue and project management in response of PPTA team request for inputs and advices.

At present BPKH (*Badan Pemantapan Kawasan Hutan* or Agency for Forest Gazettment) has inventoried forest stands in production forest of FMU for management planning. Basic facility such as office building has constructed with solar cell just installed for lighting but not stable enough for computer works. Key personnel are in place, one Head of FMU with 3 key staff, and additional 7 new staff that are deployed from central government. Aside from central government i.e. Ministry of Environment and Forestry, there also share cost from APBD (*Anggaran Pendapatan dan Belanja Daerah* or Local Government Budget) supporting operational costs. BPKH facilitates FMU to develop RPJM (*Rencana Pembangunan Jangka Menengah* or Mid-term Development Plan).

Related with management of loan fund, at district level the fund will manage by local government and under special account of BPKAD (*Badan Pengelola Keuangan dan Anggaran Daerah* or Agency for Local Financial and Budget Management), Local government will only transfer the fund based on the approved RAK (*Rencana Anggaran dan Kegiatan* or Activities and Budget Plan). Leading institution for development of the budgeting is on Bappeda, while execution for activities will be on the SKPD (*Satuan Kerja Perangkat Daerah* or Local Government Working Unit) which consist of all district offices or Dinas and coordinated by Sekda (*Sekretaris Daerah* or Local Secretary). Supervision and auditing of the budget use is on the hand of *Inspektorat Daerah* or Local Inspectorate.

At present, direct disbursement of fund to community is not happened. Any disbursement of fund to other non-government institutions should be based on contract or MOU (Memorandum of Understanding). Contract with value above 200 Million IDR should go through open bidding involving LPSE (*Layanan Pengadaan Secara Elektronik* or Electronic Procurement Services). Any loan fund managed by district government units are based on the district head decree, with the management processes as described in organizational chart involving District Treasurer, Project Implementing Unit with Responsible Person and Technical Officers to supervise technical aspects of the project implementation.

BPDAS (*Badan Pengelola Daerah Aliran Sungai* or Agency for Catchment Area management), as a representative of central government has been managed all fund for activities related with land rehabilitation. BPDAS cover activities at provincial level where district of Sintang and Kapuas Hulu are included and can be coordinated. BPDAS can issue decree and PPK (*Pejabat Pembuat Komitmen* or a Committed Officer) for project that will manage grant. Officials involve in the project can receive honorarium, as well as external persons or institution that play as consultant.

Any development intervention, including this ADB grant supported activities should be communicated clearly to district, sub-district and village. Planning and implementing mechanism should involve local government which lead the development activities fit to the RPJM/P. Through Rakorbangdes (Rapat Koordinasi Pembangunan Desa or Coordination Meeting for

Village Development) village level development plans are developed from a bottom up process. The consolidated villages' development are discussed at district level coordination, based on priority the plans are selected for approval.

On the forest land issue, it was also noted that BPN (*Badan Pertanahan Nasional* or Land Administration Agency) was consulting to Dinas Kehutanan regarding request of land registration come from some villages within forest boundaries. Dinas Kehutanan recommend not to issue land certification as the lands are located in the forest area. The areas must be maintained as forest to protect the environment. Recent climate change phenomenon was terrifying when Kapuas river is almost totally dried during dry season. Campaign and awareness raising for the tree planting is crucial, directed to slash and burnt farmers who much more cut down trees and burn than doing replanting trees. Children are also need to be target of this campaign and education as human will not survive without oxygen and water. "One tree one life" as jargon of Sintang needs to be taught and enter to school curriculum. Culturally it also expressed in the traditional dancing mode.

Sintang, 27 October 2014  
Y. Arihadi

**Minutes of Meeting with CSO Stakeholder**  
**Tuesday, 2 December 2014**  
**Venue: WWF Office at Sintang**

Participants:

Koperasi Jasa Menenun Mandiri (JMM), Fasda Sintang, Kompas, Sintang Fishing Club.

**Koperasi Jasa Menenun Mandiri (JMM) Sintang**

Jl. Kelam No. 8 Sintang 78611

West Kalimantan Indonesia Tel/Fax: +62 (0565) 21098

Program: Economic development for community, for Non-Timber Forest Product

Email: [koperasijmm@gmail.com](mailto:koperasijmm@gmail.com) [tenunikatsintang@telkom.net](mailto:tenunikatsintang@telkom.net)

[www.tenunikatsintang.com](http://www.tenunikatsintang.com)

Manager: Sugiman

Koperasi Jasa Menenun Mandiri (JMM) is a local cooperative established in May 2000. At present JMM have 1,448 members of women weavers and non-weavers, consist of 9 groups from 5 sub-district (*kecamatan*), 23 villages (*desa*) dan 43 sub villages (*dusun*) in Sintang district.

In January 2010, JMM received Upakarti award from the government that presented by President SBY in the State Palace. The award given for JMM achievement as independent cooperative weaving services (*mandiri*). JMM Sintang has been sought to facilitate the weavers in the region since established in 2000. <http://www.borneotribune.com/ekonomi/koperasi-jasa-menun-mandiri-terima-penghargaan-dari-presiden-ri.html>

“We experience and focus on woman empowerment, because women more persistence and responsible than men. The women (our member) has saving account in *Koperasi* from selling their product. Normally they take the money on new school year to pay education fee” say Sugiman, manager of JMM.

When JMM received **Upakarti Award** in 2010, JMM has 1,129 weaver members from 32 sub-villages, which is now (2014) increase into 1,448 members from 43 sub villages (*dusun*) in Sintang district. The members focus only for women and their product has contributed significantly to the improvement of family income.

JMM line of business:

1. Production and marketing of handicrafts
2. Savings and Loans (SP) for members.
3. Community Development.

As of October 2014, JMM asset reached Rp. 6.250.056.976, consist of member saving amounting to Rp. 3.539.280.899 and the rests are capital, assets, yearly profits and others.

Direct impact of being JMM members are the family income has increase 50%, and they have proper house after received loan for renovation of their houses from JMM.

**JMM can be a good partner to conduct “community base economic development for NTFP” in the area of FMU Merakai, Sintang, West Kalimantan.**

**Fasda Sawit Lestari, Sintang**

Head of Fasda: Subarjo

Organization profile

Fasilitator Daerah Sawit Lestari Kabupaten Sintang (FASDA) is an independent, non-profit organization and community base institution established in Sintang on 5 December 2012 (notarial decree No. 02/2012). Fasda is an association of individual, academia, NGOs and independent palm oil growers (*petani kelapa sawit swadaya*).

Fasda objectives:

- To conduct a synergy action for sustainable oil palm plantation
- As a communication flat form to share information, experience and knowledge.
- As a forum to encourage productivity and governance of independent palm oil growers.
- Forum for networking.

At present, Fasda conducted program to increase and strengthening the skills of farmers. Fasda teach them on how to produce a good quality of i.e. rubber tree through grafting, so they don't have to depend on seedling from outside. Rubber is primadona in some area of Sintang district. Fasda also identify that the communities can utilize their garden for new hybrid of coconut (*kelapa hibrida*).

FASDA activities are focus on small holders oil palm plantation, they mentoring the farmer and encourage them to establish cooperative and partnering with companies. They also create the formation of farmer groups in Sintang and preparing technical manuals on cultivation for farmers.

The activities that have been implemented by FASDA include:

- Identification of independent farmers in two districts of Sintang,
- A comparative study for members of the RSPO certification process for independent farmers in Riau Province,
- Technical dialogue STD-B implementation in Sintang,
- Farmer group certification system under RSPO, as well as the development of the "Technical Oil Palm Cultivation For Farmers" manual.

FASDA study on January and March 2013 in Sintang had shown that there is an increasing trend towards independent palm oil growers in Sintang. According to FASDA there are 235 independent smallholders that manage total area of about 1.014.45 hectares. In general, independent farmers do not get adequate support from government, this is reflected by the number of problems faced by the farmers, for example, irregular management and unclear origin of seeds. FASDA recommends that it is crucial to support the smallholders, so they can manage the environment in a better way. One way to make this happen is by building the capacity for local appointed facilitators.

FASDA did baseline for palm oil farmer in sub district Sungai Tebelian and Binjai Hulu, for their pilot projects. Fasda can be a potensial partner to identify independent palm oil growers within FMU Model Sungai Merakai and enhance their capacity to have sustainable practice for oil palm plantation.

WWF highlighted FASDA role to encourage the community to stop growing palm oil in the protected forests area. WWF says that there should be regulation created and awareness raising for the community to stop growing oil palm in the protected forest area. Additional value added of FASDA according to Rudi is because it is an association of individual, NGO and academia. There is a need for government to create regulation for that issues. FASDA also has defined list of plantation cultivation. All commodities should be encouraged and ministry have to create regulation to be imposed by head of district/village.

FASDA also can be ruling as a market place but they have specification in organizing the community.

“One of the important role of FASDA is to encourage the community to stop growing palm oil in the protected forests area. There are lots of oil palm planted by community in the protected forest area and there is demand for that and accommodated”  
Rudi Z of WWF

### **Avin and Edy Susanto (founder), KOMPAS**

KOMPAS or *Komunitas Pariwisata Sintang* (KOMPAS), a community for ecotourism established in 2011, based on notarial decree No. 25, 25 July 2011, get recommendation letter by District Cultural and Tourism (Dinas Kebudayaan dan Pariwisata Kab. Sintang) No. 056/238/DISBUDPAR/2011, dated on 15 Augusts 2011. Founder of KOMPAS Edy Susanto, Apin, Juni, Deni Subiakto, Suparno and Mateus Putra. Webiste is [www.kompasborneo.org](http://www.kompasborneo.org).

KOMPAS vision is to change local economy situation without destroy the environment and be independent. They run a project with limited funding, in Tanjung Baung, such as:

- Develop school and support the light's facilities with solar panel.
- Encourage the people to do inventory for its natural and cultural resources, and other historical resources that potential to be developed as ecotourism.

They have many ideas, such as to train the community to increase their income through handy craft and agriculture, and link their production with the market, however they lack of funding. They activities mainly focus to the community in the forested area. According to them most of the community already aware with the impact of deforestation and the community they visited wish to get incentive from reduce the palm oil plantation.

They suggest to manage ecotourism package, including empowering the community for ecotourism activities. In Tanjung Baung there is peatland forest and Orang Utan. However, it lack of clean water and no electricity. Tanjung Baung also has local wisdom on how they manage their forest and good to be written for a book.

### **Rayendra, Sintang Fishing Club (SFC)**

There are lost of river in Merakai that part of Sintang Fishing Club program. They said they not against palm oil plantation. Their activities are:

- Fish restocking and socialization for economy development in the area.
- To establish security guard system (*pos pengawas*) for watching over fish pond. At the moment they have 8 group of guardian.

Main problem:

- Lack of human resources that understand fisheries legal issues.
- Illegal fishing, mining and sawit waste in the lake.

“We are willing to picturing potency of Sintang, such as ecotourism information, agriculture in the context of FMUP and FIP project, and develop business, advocacy with environment perspective”  
Avin, Kompas

**Ecotourism potency around FMU Merakai**

According to Duanto of FMU Merakai staff, FMUP Merakai has ecosystem services that can be sold as ecotourism. Some of the village already have clean water and water fall, such as desa Radin Jaya and Pening Jaya that can be explored further.

There also village with the lake that Fisheries Club can explore more. He said there is no palm oil plantation in KHP Merakai area.

GAPS identified by NGOs:

- Lack of understanding on what is FMUP?
- The forum suggested to have focus group discussion or desk study on vision and mission of FMU Merakai. What is the FMUP target, how to achieve the target?
- NGOS want to be involved in set up the program.
- Where is the FMUP area, how many villages and the map.

Recommendation:

- NGOs demand for socialization and sitting together for FMU planning
- Local government have to create regulation to reduce intervention of palm oil that get inside the protected forest.
- Role of each institution/NGO should be in frontline, so it won't be overlapping.

Sintang, 2 December 2014

Yani Shaloh

## Minutes of Meeting

Multi-stakeholder Consultation 7 April 2015;

Venue: FMU Sintang Office, attendance 35 persons; time 09.30 – 11.30 am.

Opening the agenda, Head of Radin Jaya Village representing head of Sub-district and other village head, was giving welcome remarks to the team and meeting attendants. The event was considered as rare and good opportunity for villagers that can meet the PPTA team who will develop program for forest and livelihood.

The questions, suggestion and discussion:

Suggestion from participants for the agroforestry species: pepper, dragon fruit and gaharu. Pepper is a spices with good price, but the plant require full sun light to grow and cannot be planted together with forest trees. This species will be fit to plant in home garden or other private land. Dragon fruit is a pioneer plant that can be easily grown in even marginal lands. Gaharu is on the list of the plan that will be expanded more in the forest land. Although at the moment, the success of gaharu production is low due to technology that requires more understanding and skill in micro-bacteria in gaharu production process. At present Wanabhakti village has been partnering with FMU in developing this (gaharu) trees.

Training and introduction of new cassava species was also mentioned by villager. The species, Singkong Gajah, can be planted in flat land and within 6-7 month can produce up to 30 kilogram cassava per individual plant. This species need special attention for another reason that related with soil fertility. Any plantation that adopt this cassava should consider seriously on effort to fertilize back the land or else worsen the soil quality.

Regarding the plan on improvement of weaving, at present not many of the women meeting attendance practice weaving. But they expressed their willing to learn weaving when training and equipment are provided.

For ecotourism, it is reported that potential area can be found in around 3 kilometer of border to Malaysia. Specific area for this ecotourism potential is hot spring.

A communication technology will be installed in the FMU Office. This communication technology is meant to shortcut communication barrier especially related with project grievance and complain. The device can also be used for coordination and communication to other districts or provincial government.

Villagers also suggest that water and sanitation can be installed in the villages. Water is available from rivers and springs but not along the year in terms quantity and quality. During the rainy seasons the water is muddy while at dry season the water are short. Despite pipes installment to houses, maintaining good forest and environment in the surrounding areas are required.

In respond to the plan to install micro-hydro power, villagers suggest that big water fall in Wanabhakti can be source of electricity that can be distributed for 3-4 villagers. Maintenance of the turbine should be the responsibility of the village manager. In many case of micro-hydro cannot operate because of materials from forest debris or even animal like snakes that make the turbine not work.

Villagers also express on weak signal for telephone and asking the possibility of the project to install another tower for transmission. Responding this suggestion, PPTA team explain that installment of such tower can be propose to PT Telkom, but it will depend on the feasibility study. Many other Indonesia areas are worse in terms of telephone signal. In in a remote area like Papua, funny but creative example can be found. People have to use pile and put cellphone on a flag pole and move it up to the top for just to send and receive short message.

Education issue was also raised. The lack of teacher and infrastructure combine with poverty has made education attainment in the areas are low. PPTA team explain that in term of education, a Green School will be introduced. Addressing elementary school program to develop environmental awareness since early childhood. Under the capacity building for community intervention, training on better design and marketing of craft Program will also conducted to increase income.

Sintang, 7 April 2015  
Y. Arihadi

## Minutes of Meeting

Multi-stakeholder Consultation 6 April 2015;

Venue: Residence of Bupati Sintang, time 09.30 – 11.30 am.

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Opening the agenda, the Assistant of Economic Development of Sintang, Lindra Azwar representing Bupati of Sintang, described general condition of the district. The PPTA Assistant Team Leader then presented summary of the Design and Monitoring Framework of the project.

The following are questions, discussion, suggestions that the audience raised during the consultation.

Ir. Nelson Tambunan, Dinas Kehutanan dan Perkebunan, appreciated the initiative. The project is in line with district program to rehabilitate the degraded forests. He gave some inputs:

- There is change in authority of district government related with Law No. 23/2014 where district has only rights to manage Taman Hutan Rakyat or Hutan Kota, while other forest area is under province authority.
- FIP Program should be integrated in the program of FMUP (Production FMU)
- Sintang has 9 villages in the FMU area but only 4 villages are targeted as Demonstration Areas of FIP, the other 5 villages are located close to the selected villages. .

Village Representative, raised critical questions and suggestion:

- Suggesting that the right holders and benefits of this project is the community, in contrast majority of the community do not have the information and understand the project.
- In one of the selected Demonstration Area there is Village Forest program, how the project do not harm the existing Village Forest.
- What will be the real action of the project will impact to community?
- How the program not only maintain the forests and its biodiversity but also increase livelihood of the community?
- Is FIP has fully designed, what is the scope and priority so can be informed to community?
- Supposed to be informed directly to community and at least community understood what is going on.

Rudy, WWF, gave some clarifications and information as the followings:

- Is this program started? When is the time frame?
- Position of Radin Jaya and Tanjung Sari is the vice versa, Senangan Jaya is also a segregation from Tanjungsari.
- Soil condition of the 4 villages are not as good as soil in the above villages.
- Senangan Kecil is a gaharu producer but right now Bupati cannot release permit for transporting to other sites hence communities do not continue the business.
- There is rumah betang in Sungai Puan, where weaving are done by women.
- Kayu Dujung is a very good site as there is a water fall visible for a micro-hydro
- Dryland farming is still practiced although soil of the 4 selected villages are not so good
- Need to have baseline to see accurately the program progress. To monitor GHG there is only able to do at province and not district
- How is the project mechanism? Is the implementor only government?
- Space for discussion must be available at different level NGO, Government and Communities.

Deder, WWF also raised some questions:

- How the program will be effective?

- Other supports from for Sintang is not available, only Kapuas Hulu.
- Related with overlapping with other program, there must coherency and collaboration among development actors.

Emil Kleden

Raised question related with social safeguard, is there any compensation for land acquisition?

Yani Saloh

Related with tenurial conflict, is there any action to solve in Sintang?

Haryanto

1. Law No. 23/2014 has made forest management at district minimal, almost all will hand over to provincial level government. The regulation is meant to separate administration function and authority to manage forests. It does not mean that authority of FMU will be withdrawn to province. It has been proposed to MOEF and MOHA, that make possible for FMU that located at district will be owned and managed by district. Longterm Plan of FMU Sintang has not been approved because of this situation.
2. For only 4 villages in Sintang, it is because the fund sufficient for that. In the future it is expected will cover another 5 villages to reduce gaps.
3. The most concrete program is agroforestry development with cacao, rubber and gaharu. By adding 1 hectare for 1 family and to push agroforestry management, the project will increase family income. Every village will have 100 hectares with available project fund. There also suggestion to development bee culture for sites that the forest already degraded.
4. Every project activity in the design is based on the field data gathering from community.
5. Implementation cannot be started at 2015 because the grant has to pass APBN with on budget and treasury system. But the preparation started since 2015.
6. For not accurate map information, there still un-finish village extension. The data will be updated after accomplishment of village extension.
7. For micro-hydro, although it is located in one village, the usage can cover another villages.

Yosef

In developing project document, including types of activities, the PPTA Team tried to accommodate communities' interests and needs. The village selection is not simple one since it relates with many stakeholders. Especially those who have legal rights to manage the forests. Selection of the project sites are based on the real "clean" areas. The project also able to accommodate all communities wants and needs, as a sectoral project it will only support forestry related activities.

Haryanto

Related with FMUK, this FIP project is to support FMU where one of the objectives is to strengthen FMU. Related with baseline, there will be REL accounting. Sintang tend to have bigger GHG than Kapuas Hulu.

Yani

There is uncertainty related with NGO involvement at the moment.

Emil

There has been data on income per month, from daily production of rubber, from that it can be predicted for the monthly income. Aside from that, number of children go to school is minimum. The data is also counting the food consumption. That can be baseline for the next 5 years. Grievance mechanism is exist at kampong level, it can also through other kampong if there already cooperation among kampong.

Haryanto

To avoid program overlapping, there should be village facilitator to handle project. Information disclosure of every programs in the project area is also requires to avoid overlapping. This is easily can be said but complicated in reality.

Yani

In term of communication, there are two set of information should be developed internal and external to develop cooperation at province, district and project sites.

Head of Dinas Kehutanan dan Perkebunan

There is no regulation on compensation of land acquisition, since it is state land, the compensation is not regulated in special regulation.

Nelson Tambunan

For tenurial conflict resolution, the instrument is through spatial planning at forest areas. But in reality not every suggestion from forestry sector are adopted are included in the forest area. Aside from that forest land lease is also practiced.

Closing the Consultation event, the moderator has again reiterated the new law no 23/2014 that has been withdraw the authority of district to manage forests. Clearance on this issue is expected to come after the reorganization of the MOEF.

Sintang, 6 April 2015.

Y. Arihadi

## Minutes of Meeting

Multi-stakeholder Consultation 8 April 2015; time: 10.00 – 15.30

Venue: Auditorium of Bank Mandiri, Kapuas Hulu, attendants 56 persons.

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Opening the agenda, Head of the Center for Standardization and Environment, MoEF described the general objectives of FIP and expecting that the USD 17 Million grant will really affect in increasing people livelihood and improve forest condition.

Head of district Kapuas Hulu gave introductory speech. Kapuas Hulu has been declared as conservation district where two national parks are present: Betung Kerihun and Danau Sentarum National Parks. Communities who has been maintaining the forest and environment will also have benefit from it. The government really concern on the two issue: conservation and the betterment of community. Head of district expect that this multi-stakeholders consultation as a good chance to discuss on that issues to make it really happen.

### Question, response and suggestion:

Jemayung (Head of Sub-district Sibau Hulu)

1. Asked possibility of the fund disbursement that can be influenced by status of government financial capacity.
2. In the case of FORCLIME fund that was not disbursed on time because situation in government financial capacity.
3. Noting that the total household cover by this project: 1200 or 1880.

Head of Dinas Kehutanan dan Perkebunan:

1. Mentioned that Kapuas Hulu as district of conservation but as source of food for community is lacking. People plant rubber and gaharu while price of the two commodity are uncertain, special situation with rubber is now on the lowest level. He expect that a mini-processing of rubber can be developed in Kapuas Hulu.
2. The enactment of legislation No 23/2014 has been shifting the authority of forest management to the province level government. District government only have authority to manage Tahura (Taman Hutan Rakyat).
3. Lack of human resources of FMU. FMU Kapuas Hulu has better level of development compared to FMU Sintang, since financial and technical assistance from GIZ. With regards to the new legislation, FMU will be under supervision of province level government.
4. Forest and orangutan are protected and maintain untouched, human is more important than orangutan. How forests can be a benefit for people in support of food security should be considered.

Iwan Setiawan (Head of Sub-district Putusibau Selatan):

1. Pointed out the construction of road by district government was cancelled because of dispute between District Forestry Service and Public Works, where the planned road was located in forest land. The road will open isolation of Tanjung Lokan village.
2. Only two villages (Bungan Jaya and Tanjung Lokal) in Sub-district of Putusibau Selatan covered by the project as Demonstration Activities, while there are 18 of total village in the sub-district. To prevent social jealousy the project should also cover another villages in need such as Kerombo and Beringin Jaya.
3. Commenting on the gender action plan to target 30% women involve in the capacity building, it is easy. There also women Kepala Desa in Sungai Uluk Palin village.
4. Regarding intervention on aquaculture with white cat fish, he noted that transportation of the fingerlinks to the village will be expensive and risky. He suggested to use local species of fishes to be cultured such as *ikan semah*. For agroforestry development, rattan species like *jernang* with high economic value can also be selected.

Ety BS, Head of Uluk Palin village;

1. Mentioning that there already many program planning from outside but not really in realization. She expect that this ADB plan will be realized. There are many forest concessions in Uluk Palin but not all are operational. PT Bumi Raya is one that not active for long time and she suggest to terminate the concession. At present houses are built in the concession. She expect MoEF can respond to this request. To support economic development from rubber, processing industry should be developed in the area. Sugar cane has also been plenty in the area which processing industry is also needed.

Irawan, Association of Periau (wild honey collector):

1. Described that Sentra Madu Hutan or Pure Honey Production Center has been developed consist of 46 Periau or approximately 900 members. Total production of the pure honey is 100 ton annually. Members agree with price of IDR 90,000 per kilogram.
2. The problem is that the center could not collect from members because of its lack of cash to buy from member. Middlemen have more capacity to serve cash and carry for members.

Jamal, Head of Putusibau Utara Sub-district,

1. Pointed that there are 5 villages in the district under intervention of this project. He suggested to add Datah Dian village because it close to Betung Kerihun National Park with good potentials.
2. At present development of mini processing of rubber as the project intervention is relevant to improve quality and price of latex is needed.
3. Pepper has also been important commodity for farmers, especially those close to the Malaysian borders. Rattan and bamboo weaving are another product that can also be developed further especially for women.

Nurochman, Betung Kerihun National Park;

1. Mentioned about illegal gold mining that have been operating since long time in Bungan Jaya and Lokan Jaya village. Communities rejected their operations. An integrated Task Team headed by deputy District Head has been formed. From 700 workers in the mining, there now 100 left still working in the mining.

Albertus, Head of Village of Rantau Prapat;

1. Suggested that capacity building should also targeted to farmers, communities live and *kampung* and *rumah betang* who are illiterate.

Ibu Zubaidir, of Sibau Hilir village,

1. Reported that many productive activities can be found, village market has also available in a leased land belong to Bupati with building from PNPM fund.
2. Women Organization such as PKK has been active where Pokja or Working Group 1 (Food), 2 (Cloth) and 3 (Housing) are functioning.
3. Women are active in dry land farming and production of craft such as rattan weaving and beading. They need technical and financial assistance for further development.

From small group discussion with community members it was reported that in Tanjung Lokan, people are resistant to TN BK with the delineation of national park boundaries. Without any participation and consent from communities, TN BK set up the boundaries. According the *Masyarakat Hukum Adat* regulation if there is any dispute, *musyawarah adat* or deliberation to seek consensus is required.

## Response from PPTA Team

1. Related with suggestion to add more villages, this project is not meant to cure all but only certain disease. The project can only cover limited areas. Other projects such as GIZ FORCLIME and TFCA2 are expected to cover.
2. Related with rubber, global demand for rubber is slowing down due to the decreasing demand of tire industry. We can develop processing factory for rubber in the project area but it is not necessarily solving price.
3. For FORCLIME there are much money that were not disbursed. Hopefully we can learn from this experience.
4. Regarding data accuracy, it can be difference between records from statistical bureau with data from village. The right data on the targeted households is 1880 household.
5. Related with lacks of human resources in FMU it is because there is no assurance that FMU is solution for sustainable forest management. Aside from that financial capacities of the government is lacking to recruit new staff that need to maximum. Some professional have been deployed to FMU (*Bakti Rimbawan*). With FMU, Forestry Service is not necessary to search data from the field but through FMU.
6. Question on who is more important between human and orangutan, human is more important but in some cases human cannot live in harmony with orangutan.
7. Related with pure honey since there are many outlets, the price is down. If transaction of the pure honey can be organized into one channel, it will increase the price because only one producer.
  - a. Harvesting pure honey in Kampar (Riau) is done during the day, while here in Kapuas Hulu people harvest at night.
8. Problem in potable water supply for Kalimantan is from Nestle in Jakarta/Java while Kapuas Hulu has their own water production. Branding can be developed further if we want. The more concern is when the water is imported from Malaysia. When we talk about micro-hydro we can also talk about bottled water.
9. Special concern on *jernang* rattan, we need more accurate data on the productivity of the species in West Kalimantan before develop further planning.
10. For aquaculture, the option for species to be cultured is local species. The problem is no technology in breeding to produce large quantity of the local species. Even in Malaysia it is only fish farming.
11. Coffee is one commodity that can be developed further with agroforestry system.
12. All fund will be channeled from the government to community. FIP is not attempting to solve every problem for village development.

Putusibau, 8 April 2015  
Y. Arihadi

# Stakeholder Communication Strategy

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Draft for FIP Subcommittee Review  
Project Number: 47084  
June 2016

Republic of Indonesia: Community-Focused  
Investments to Address Deforestation and Forest  
Degradation Project

## CURRENCY EQUIVALENTS

(As of 25 June 2016)

Currency Unit          rupiah (Rp)

Rp1.00 = \$0.000074

\$1.00 = Rp13,415

## ABBREVIATIONS

ADB	–	Asian Development Bank
BAPPENAS	–	National Development Planning Agency
CSO	–	community service organization
DMF	–	design and monitoring framework
FGD	–	focal group discussions
FIP	–	Forest Investment Program
FMU	–	Kesatuan Pengelolaan Hutan (forest management unit)
FPIC	–	free, prior and informed consent
GIZ	–	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOI	–	Government of Indonesia
ICRAF	–	International Centre for Research in Agroforestry
MHA	–	Masyarakat Hukum Adat (customary law community)
MOEF	–	Ministry of Environment and Forestry
MOF	–	Ministry of Finance
MOHA	–	Ministry of Home Affairs
MRV	–	measurement, reporting, verification
NGO	–	non-governmental organization
PKK	–	Pendidikan Kesejahteraan Keluarga (Family Welfare Empowerment)
PPTA	–	project preparatory technical assistance
REDD+	–	reducing emissions from deforestation and forest degradation, conservation, sustainable forest management and forest carbon stock improvement (+ refers to the last three phrases)
REL	–	Reference Emission Level
SCS	–	Stakeholder Communications Strategy
UNICEF	–	The United Nations Children's Fund
UN-REDD	–	United Nations program on Reducing Emissions from Deforestation and Forest Degradation

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## A. Introduction

1. The Stakeholder Communications Strategy (SCS) is designed as a blueprint to guide the project through the process of creating effective communications messages and products that resonate with the chosen target audience, to be delivered through multiple channels. This blueprint will help the project to choose the correct range and sequence of tasks.

2. The SCS has been developed to communicate the Forest Investment Program (FIP) I: Community-Focused Investments to Address Deforestation and Forest Degradation. It will support the Design and Monitoring Framework (DMF) activities by communication, facilitating, encouraging, disseminating and leveraging successes, failures and lessons learned from existing program experiences. This is achieved by maintaining clear, consistent, relevant, up-to-date and user-friendly messaging/information to the stakeholders. The strategy complies with the Asian Development Bank (ADB) Public Communications Policy and the ADB Stakeholder Communications Guide.

3. The SCS will underpin and guide the communication process, as described in Figure 1 below, for:

(i) **Internal Communications**

Focuses on supporting the project implementation team regarding week-to-week management issues, emerging trends and threats, planning, and coordination between team in national, sub national and district level, to ensure efficient functioning of project implementation.

(ii) **External Communications**

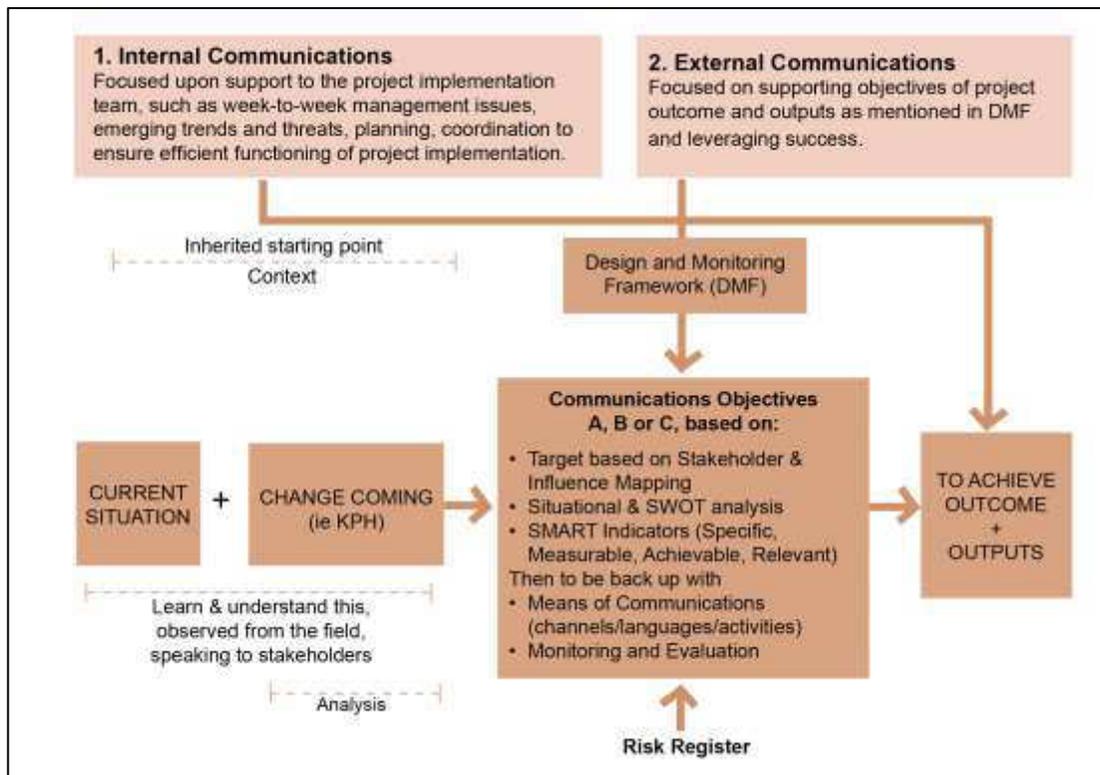
Focuses on supporting and reaching the main objectives of project outcome and outputs, as mentioned in DMF and leveraging success.

The external communications will support the DMF outcome (table 1 below) and it was identified that there will be three different levels of target audience: national, sub-national, districts/Forest Management Unit (FMU)/Village. The approach, means and channel of communication will be different for each level.

**Table 1 Project Outcome and Outputs as in the DMF**

Outcome: Improved REDD+ implementation in project areas of West Kalimantan province		
Output 1	Output 2	Output 3
Community-focused and gender-responsive REDD+ pilots in Kapuas Hulu and Sintang districts implemented	Provincial REDD+ strategy in West Kalimantan effectively implemented	Sub-national policies on REDD+ harmonized with national policies
Districts: Kapuas Hulu and Sintang	Province: Pontianak	

4. The SCS complies with REDD+ safeguard principles and guidelines from the Strategic Climate Fund, requiring clear language and details on the provision of benefits for *Masyarakat Hukum Adat* (MHA), strengthening multiple benefits and prohibition of the conversion of natural forests. The goal is to support efforts that aim to protect forest ecosystem services, build institutional capacity and promote biodiversity conservation. The strategy is to take a low-carbon direction that is also socially and economically empowering rather than a pursuit of forest management with the singular goal of cutting/reducing greenhouse gas emissions.



**Figure 1: Communication Process**

5. From problem tree identification (as presented in the concept paper) and stakeholder consultation on the ground, gaps were identified. Therefore the SCS will be structured along three levels:

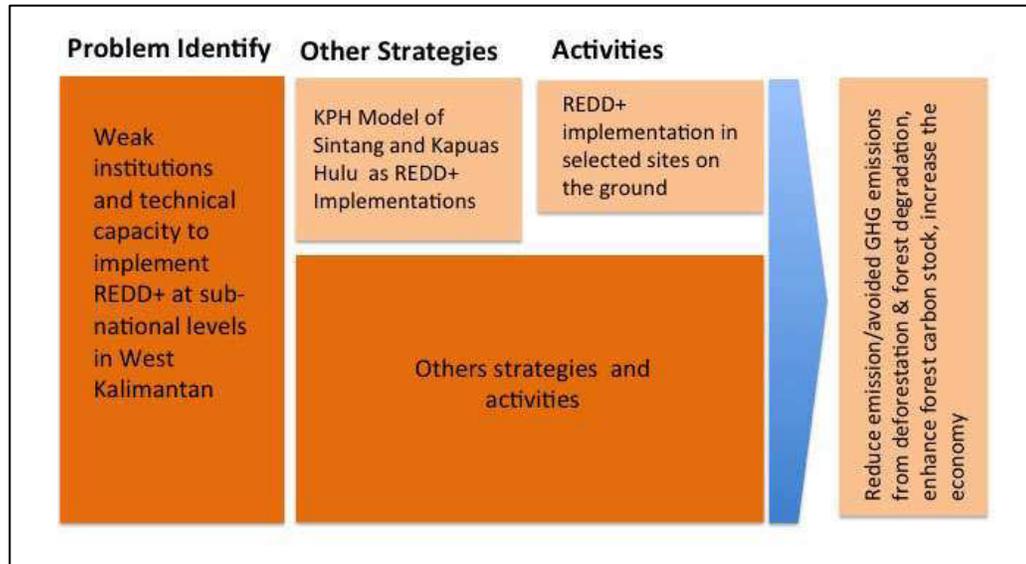
- (i) General Knowledge and Technical Issues: REDD+, deforestation, forest degradation, global warming, climate change, Measurement, Reporting, Verification (MRV), Reference Emission Level (REL), Green Economy, Green Investment, Free, Prior and Informed Consent (FPIC), safeguards, forest fires, benefits sharing, tenure;
- (ii) Project Response - Mechanisms and Vehicles: FIP Project, FMU characteristics, functions and issues;
- (iii) Specific Activities: FIP Project Implementation on the ground.

6. The current situation identified on the ground is that most of the visited local communities along with the local government in the district level have a lack of understanding and general knowledge on technical issues and as well as the role, purpose and functions of the FMU. Women in particular rarely hear about the issues. Therefore, translating the abstract concepts into simple messages and linking them with the FIP project and emission reductions will be a critical step to help affected people to better understand the concerning issues.

Carefully selected communication processes and tools incorporated into the project will encourage people to be more involved in the project activities.

## B. Managing Expectations

7. It is important to manage expectations that not 'all problems can be solved by the project' (Figure 2). It must be stated clearly that the activities on the ground will be a model for REDD+ implementation to reduce emissions while increasing economic and ecosystem benefits which then may be replicated in other areas.



**Figure 2: Activities in FMU is one strategy to solve one part of the problem**

8. REDD+ payments are explicitly performance/outcome-based. There should be a clear message on how REDD+ will work and emphasis placed on the fact that the community will receive payments different from some initial support *only* if there is a sustained reduction in deforestation, and hence of carbon emissions. The proposed local livelihood activities on the ground (at FMU level) are intended to provide an alternative to deforestation and complement the REDD+ activities. If the mentioned activities were successful, then they should lead to reduced deforestation.

9. For example, in the context of REDD+, the project is aiming to increase smallholder agricultural / agroforestry yields, but profits from these should not create an incentive for smallholders to plant more land, as this may lead to increased deforestation. The nature of the 'deal' must be made explicit. Stakeholder consultations on the ground revealed common questions about REDD+, such as: What can be expected from REDD+; What are the benefits?; What might not be expected?; What risks are involved?; How can stakeholders participate?

10. Information on 'what is REDD+' should not only come from FIP institutions, but also from other reliable sources, such as the UN-REDD Program, the The United Nations Framework Convention on Climate Change, Center for International Forestry Research, ICRAF, World Resources Institute, or Samdhana. A variety of media and communication tools should be made available, ones that are most effective for communities, what works and what doesn't work, and should be based on other organizations' experiences on the ground.

## C. Approach

11. A Stakeholder assessment was conducted during Project Preparatory Technical Assistance (PPTA) through interviews, literature review, seeking input through Inception Workshop, Interim Workshop and multi-stakeholder consultation in province, district, community and experiences from similar previous mandates of the PPTA consultants. It increased the understanding of the challenges on the ground and helped shape an effective communication strategy for the project to build a better understanding about the project and how it will benefit the community and ecosystems. Communications strategies and tools are designed to deliver the information for stakeholders and allow them to make informed decisions on participating in the project.



**Figure 3: Stakeholder Assessments**

12. Figure 3 above shows that some actors are of priority interest to engage or order to leverage success, such as the 'actors of most influence' (key players). This means that the communications activities should be strategically targeted and prioritized to influence the "key players", and the communications tools, methodologies and media suitable to that targeted group should be used.

13. With government, it is important to acknowledge the diversity (of role, authority, capacity, education and experience) and sometimes the opposing interests between central, sub national and local and community, and tailor messages to different audiences.

14. The social structure mapping was done to identify distinct groups of key players that can help facilitate communication. There are different needs within each group that require different approaches and tools to be used, as described in tables 2 and 3 below.

15. As revealed by provincial multi-stakeholder consultations, the FMU concept is not fully supported and there might be conflicts of interest amongst staff in the provincial forestry agency. Provinces and districts typically have different needs and agendas. At the provincial level needs and interest are driven largely by political interest, where the role/personality/interests of the governor will significantly influence the success of the project.

16. This is a complex issue, which could hamper implementation if not settled quickly; therefore an intensive communication to build common understanding is needed. Two potential ways to mitigate the risks: a) MOEF to enhance their internal communication between central and province, that FMU is part of national strategies and/or b) The project to help awareness raising and capacity building on FMU related issue and synergies/synchronize between provincial plan and FMU districts plan, at least 4 months prior to the implementation of the project.

**Table 2: Method and Tools to Target Different Layers of Government**

Government	Needs & Motivation driving message content	Method	Tools
<b>National</b>	<p>To support and maintain government priority in reducing emission from forestry sectors. To support MOEFs objective to operationalize FMU. FIP activities on the ground will contribute to the economy and give environmental benefit. Goal is project received positively by community affected by the project.</p> <p>To build better coordination, bridging the gaps between national, sub national and district. To enhance sub national, district and local capacity.</p>	<p>Get political support and commitment from President and related Minister.</p> <p>Conduct press conference with senior staff speaking (at least 2x in a year).</p> <p>Emphasize the success story and champion leaders from the ground.</p> <p>Regular dialogue with echelon 1,2 and 3 at MoEF and related ministries.</p> <p>National seminar (interactive dialogue) with MoEF, FIP, related Ministries, stakeholders and FMUs.</p> <p>Steering Committee meeting: MoEF, Ministry of finance (MoF), National Development Planning Agency (Bappenas), Ministry of Home Affairs (MoHA), FIP Focal Point Community Society Os (CSO)/Non Governmental Organizations (NGO).</p> <p>FIP goes to central and local legislative</p>	<p>Presentation, fact sheet, printing information, media brief.</p> <p>Short video message (max 8 minutes).</p> <p><i>Iklan Layanan Masyarakat</i> (public service advertising) about REDD+ and FIP</p>
<b>Provincial</b>	<p>To build common understanding about the project aim to support provincial government target in reducing emission from forestry sectors.</p>	<p>Courtesy visit, seminar, interactive discussion/dialogue.</p>	<p>Presentation, fact sheet, printing information, media brief.</p>

Government	Needs & Motivation driving message content	Method	Tools
	<p>The project will give economy and environmental benefit. FMU</p> <p>To increase capacity, knowledge and capability of district government/community.</p> <p>To have better coordination in managing the forest and bridging the gaps between province and districts.</p>		<p>Short video message (max 8 minutes).</p> <p>public service advertising about REDD+ and FIP</p>
<b>District</b>	<p>Project objective is aligned with central, provincial and district target in reducing emission from forestry sectors.</p> <p>To support district government to manage the forest in sustainable manners. The project will give economy and environmental benefit.</p> <p>To increase capacity, knowledge and capability of the community.</p> <p>To have better coordination in managing the forest and bridging the gaps between central, province and districts.</p>	<p>Interactive dialogue, courtesy visit, Focus Group Discussion, cultural approach/exhibit</p>	<p>Presentation, fact sheet, printing information, media brief.</p> <p>Short video message (max 8 minutes).</p> <p>Public service advertising about REDD+ and FIP.</p> <p>Cultural approach, radio message (in some areas), banner, poster, leaflets</p>
<b>FMU</b>	<p>REDD+ activities at FMU level will contribute and support central and provincial government objective in reducing emission from forestry sectors.</p> <p>The project will support fully operationalize of FMU and for better management of forest in sustainable manners.</p> <p>The project will give economy and environmental benefit.</p> <p>The project will increase capacity, knowledge and capability of the community.</p>	<p>Interactive discussion, watching movie show related to forest and climate change, cultural approach</p>	<p>Video clips, posters, comics, drama, green knowledge, cultural activities.</p>

17. Based on focus group discussions during the field visits, it was identified that the concerns and informational needs differ between males and females. Female groups tend to be more concerned about family food security, health and education, while the men revealed

themselves to be more concerned with having road access (infrastructure), income and jobs. In general, the community is literate and can speak Bahasa Indonesia very well.

**Table 3 Method and tools to target different sub groups within communities**

Group	Needs & Motivation driving message content	Method	Tools
<b>Elderly</b>	Support, peace, stability	Small group discussion, dialogue	Proverbs, metaphors, calendar message, radio message (some area)
<b>Women</b>	Income generation, health, Food for family	Small group discussion/dialogue, watching movie together, cultural approach	Demonstration, cultural approach, calendar messages, poster illustrations, environmental education
<b>Youth</b>	Education, Jobs	Interactive dialogue, written & verbal, movie show, cultural approach	In Kapuas Hulu: Social media, mobile phones/SMS, sports, cultural activities, radio message, films, poster, leaflets, environmental education  In Sintang: Cultural activities, films, poster, leaflets, environmental education
<b>Children</b>	Education	Interactive, written and verbal, games, movie show, cultural approach	Video clips, posters, comics, drama, green knowledge, cultural activities, environmental education
<b>Men</b>	Income, jobs, infrastructure	Verbal groups, interactive dialogue/meetings, show benefit cost-analyses	Interactive discussion, calendar message, pictures, dem-plot, radio messages (in some areas), mobile phone/SMS

18. The SCS should also set up the target for what to achieve in the short term, up to, and after 2020, and indicate what objectives have been achieved.

**Table 4 Term plan to achieve the goal setting**

Project Term Plan	Indicators of success
Short-term goals (2016-2017)	Awareness Raising, forming an agreement.
Mid-term goals (2017-2020)	Common understanding, engagement. The community is actively involved (participation), showing interests and supporting the program, shows behavioral change.
Long-term goals (after 2020)	Become loyal and positioned against forest destruction. The community gets used to conduct REDD+ activities. Legacy, become part of life, unwritten rule.

#### **D. Learning and behavioral changes**

19. Learning and behavioral changes, locally led solutions by creating a local champion to help community to make personal decisions to initiate and sustain positive behaviors towards environment. This can be done by increasing awareness of the importance of protecting the forest, reducing emissions and how REDD+ implementation will benefit the community economically as well as benefits for government, country and the world. The goal is to make

REDD+ implementation something that the community feels that they can have ownership of, and that they can be proud of.

20. Tomorrow's leaders need to be equipped for tomorrow's challenges, and we must adequately prepare our children for the future they will inherit. That requires a commitment to providing children with environmental education. This can be partly achieved by implementing 'Education for sustainable Development' by piloting green school projects villages. This aligns with the national education system (through UU No. 20/ 2003) and also because Indonesia has ratified the United Nations Framework Convention on Climate Change Article 6 on the importance of climate change education, training, public awareness, public participation, and public access to climate change policy.

21. If this curriculum is implemented correctly, it will give teachers and students knowledge about environmental issues, engage them in problem solving, equip them with the tools they need to take action to improve the environment, and to make informed and responsible decisions.

22. Implementing the curriculum in schools should bring sustainability to the FIP I project. If the green school pilots are successful, they can become part of the educational system of the district, become a model to be repeated in another villages, and adopted broadly across the region.

23. The program can be linked with similar activities that focus on children and education, such as initiatives by UNICEF, PLAN and the Indonesia Mengajar program.

## **E. Communication Objectives**

24. The stakeholder consultation identified several objectives to communicate the projects as follows:

- (i) Provide information on the complex concepts around climate change, REDD+ and their link with FIP project, in a simple language.
- (ii) Address the need to create and build an understanding on the purpose, scope and breadth of FIP Project (including the role of ADB, the MoEF and FMU).
- (iii) Brand the project to provide clear, consistent information as a plan to communicate the FIP project: Community-focused Investments to Address Deforestation and Forest Degradation. Including the development of vision statement, logo, brand expression, communications and behavior.
- (iv) Support the development and implementation of FIP project on the ground.
- (v) Share knowledge: providing consistent, relevant, up to date and user friendly information to all stakeholders.
- (vi) Promote the project through meetings, interactive dialogue, exhibition and media and create printed and online information (website and social media), create mailing lists, list server (electronic newsletter).
- (vii) Coordinate and exploit synergies: to facilitate policy, technology collaboration and information dissemination. To provide opportunities for all stakeholders to communicate with one another to share experiences and showcase effective local programs.
- (viii) Use communications to help build the capacity through information sharing, highlighting good practice and professional development, such as forest management, zero burning policy, forest products utilization, study/exchange visits to another site which already conduct REDD+ readiness and implementation.

- (ix) Help build the capacity and conduct training of targeted groups to increase local productivity and income, and communicate the products and facilitate market link to increase regional sales.
- (x) Communicate for learning and behavioral changes for individuals, communities and societies by creating a local champion, to help community to make personal decisions to initiate and sustain positive behaviors towards environment.
- (xi) Encourage personal communications through its own community network, family, radio, churches, and mosques to promote program benefits for themselves.

25. Based on the objectives above, the communications plan/activities and tools are defined, described in table of Communication Plan (Table 5, 6 and 7 below), as a part of SCS. The communications plan/activities will help to support project interventions by facilitating, encouraging, disseminating and leveraging success. This is achieved by maintaining clear, consistent, relevant and user-friendly messaging/information to the stakeholders.

## **F. Communications Infrastructure**

25. Communications infrastructure will be established to link Jakarta, Pontianak and FMUs (Sintang and Kapuas Hulu). This will support internal communications within the project: for handling management issues, emerging trends and threats, planning, and coordination and to ensure efficient functioning of project implementation.

26. This will also facilitate coordination between central, sub-national and district for the delivery of almost-real-time information from activities on the ground to keep both central and local government up to date with the same information - to facilitate policy coordination, technology collaboration and information dissemination.

27. The communications infrastructure is the backbone of the communications system upon which various broadcasting and telecommunication services are operated, including facilities for videoconferences.

28. The system must provide important access and real-time information from districts whilst taking into account security, energy efficiency, budgets, maintenance cost, safeguarding future investments and exit strategy when the project finishes.

29. The technology to be used within the infrastructure should include software and hardware, cables and connectivity for security and faster data rates, network design services, management and planning services, in accordance with ADB procurement procedure.

## **G. Evaluation and Monitoring**

30. Formal and informal monitoring should be continuous whereas evaluation should be conducted semi-annually for feedback and lessons learned on what works and what does not. It is also important to recognize the necessity of communication to wider audiences of stakeholders, as they tend to increase or decrease their level of attention during the project cycle. This SCS needs to be continuously updated and remain as a living document.

31. The Monitoring and evaluation should also maximize the use of technology, such as to count how many people hit the website, how many and what documents were downloaded and from what countries.

**Table 5: Communications Plan: for General Knowledge and Technical Issues**

Objective	Key Risks/ Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
<b>1. Knowledge &amp; Awareness Raising</b>	<p>The concept itself is abstract &amp; confusing.</p> <p>Different desires and needs.</p> <p>Education, budget, type of language/ message used, cultural and institutional factors that influence how information is communicated, and psychological factors that determinate how information is accepted.</p>	<p><b>Province:</b> Governor, Dinas Kehutanan provinsi, Bappeda, Tanjung Pura University, JICA Project, AMAN, NGOs, local legislative and media</p> <p><b>Districts:</b> Bupati, Dishut &amp; Perkebunan, Bappeda, FMU staff, Dinas Education, GIZ-FORCLIME, NGOs, Sintang University, local NGOs and media.</p> <p><b>Village:</b> affected people/communities, Kepala Desa, Kepala Dusun, Community Leaders (Kepala Adat/Temanggung, Religious leaders, Woman groups (Family Welfare Empowerment, PKK), Teacher, Communities.</p> <p><b>General target:</b> Government, opinion leaders, decision makers, media, civil society.</p>	<p>Provide consistent, clear and simple information about general knowledge and technical issues.</p> <p>Central theme to link the issue with economy value and the threats such as food security, landslide, drought, flood, harvest fail, change in seasonality, diseases, etc.</p>	<p>Face to face, interactive dialogue, meeting, seminar, Focal Group Discussions (FGD), training.</p> <p>Printed information, posters, leaflets, banner, comics. Website, social media. Photo and video library (online), radio/TV program.</p> <p>Pointers for advocacy, advisory notes, develop FAQ.</p> <p>Tactics for communities: 2 ways of communications, use metaphors and proverbs, use drawings and diagrams, give concrete examples, use film clips, documentaries and games. Adopt local culture, use local examples is weather-related events communities have dealt with, such as drought, flood, harvest fail, change in season, diseases, etc. Information in Bahasa &amp; English.</p>	<p>Prior to implementing the project at provincial level, then through process when interacted with provincial government.</p> <p>When project implemented in districts, and through process when working with affected people/community and societies.</p> <p>Website update at least every 2 weeks.</p> <p>Social media: real time if possible (by sending information via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.</p> <p>Media gathering with local media every 3 months</p>	Project Manager and Communications Specialist	Content development, publications, distribution, development, PR/marketing, logistical cost, events cost.

Objective	Key Risks/ Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/ac tivities)	Timeline	Responsibility	Resources (human)
<b>2. Communicati on for learning and behavioral changes</b>	Education, social, culture, institutions and psychological factors.	Affected people, (individuals, communities and societies).	Provide clear and simple sample message/inform ation of a supportive environment to help people to make personal decision, to initiate and promoting positive behavior.	Simple message, adopt local wisdom and positive behaviors and cultural that give positive impact to the environment.  Use communications tools for community groups.  Basic environmental information, environmental education in piloting green school.	Through process when working with affected people/community and societies.	Project staff	Content development, publications, distribution, logistical cost, events cost.

**Table 6: Communication Plan: Project Response - Mechanisms and Vehicles: FIP Project, FMU characteristics, functions and issues**

Objective	Key Risks/Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/activities)	Timeline	Responsibility	Resources (human)
<b>1. To build an understanding of what is, purpose, scope and breadth of FIP Project and FMU role</b>	<p>Lack of ownership &amp; knowledge, weak local staff capacity.</p> <p>Unclear regulations, unclear FMU boundary (Sintang).</p> <p>Education, budget, corruption, cultural and institutions factors that influence how information is communicated, and psychological factors that determinate how information is accepted.</p>	<p><b>Province:</b> Governor, Dinas Kehutanan provinsi, Bappeda, Tanjung Pura University, JICA Project, AMAN, NGOs, local legislative and media</p> <p><b>Districts:</b> Bupati, Dishut &amp; Perkebunan, Bappeda, FMU staff, Dinas Education, GIZ-FORCLIME, NGOs, Sintang University, local NGOs and media.</p> <p><b>Village:</b> affected people/communities, Kepala Desa, Kepala Dusun, Community Leaders (Kepala Adat/Temanggung), Religious leaders, Woman groups (PKK/Teacher, Communities.</p> <p>General target: MoEF, FIP Steering Committee member, FIP focal point, MOF, Bappenas, MoHA, BPN, DKN, SC DGM, legislative, partner project, opinion leaders, decision makers, media, civil society.</p>	Clear and simple message/information about project and implementation arrangements	<p>Face-to-face communications, courtesy visits, interactive dialogues, meetings, seminars, FGD.</p> <p>Tactics &amp; approach for communities: 2 ways of communications, use metaphors and proverbs, use drawings and diagrams, give concrete examples, use film clips, documentaries and games. Adopt local culture, use local examples is weather-related events communities have dealt with, such as drought, flood, harvest fail, change in seasonality, diseases, etc.</p> <p>Printed information about the project in simple message/ posted in accessible public areas. Poster, leaflets, banner, comics. Video clips, radio/TV program. Website, social media.</p> <p>Information in Bahasa &amp; English</p> <p>Tactics &amp; approach for group communities are the same as above.</p>	<p>Prior project implementation</p> <p>Frequent courtesy visits to related government bodies (local and central) to update the progress every 3 months</p> <p>Meeting with group communities at least once a month</p> <p>Website update at least every 2 weeks.</p> <p>Social media: real time if possible (text via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.</p> <p>Media messages every 3 months</p>	Project Manager and Communications Specialist	Content development, publications, distribution, PR/marketing, logistical, events cost

Objective	Key Risks/ Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/acti vities)	Timeline	Responsibility	Resources (human)
<b>2. Branding the project</b>	Lack of interest, project failure, Technology, capacity and funding problems.	All related stakeholders in national, province and district,  The FIP SC member, development partners, opinion leaders, decision makers, media, civil society, affected people/stakeholders, academia.	Clear and simple message/information about project and implementation arrangements.  Develop vision statement, logo, brand expression, communications, and behavior policy.  Create public opinion.  Central theme is community.	Targeted meetings, presentations, sharing of project presentations and other files  Media message to update progress, media briefings & media visit. Publish an op-ed (join with partner).  Printing and on line information. Website and social media. Create wikie-portal, blog, portal in internet for images/video by communities from activities on the ground, radio program or with TV. Same approach for group community.  Information in Bahasa & English	Media message every 3 months. Media briefings and visit at least 2x a year.  Website update at least every 2 weeks. Social media: real time if possible (by sending information via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.	Project Manager and Communications Specialist	Content development, publications, distribution, PR/marketing, logistical, events cost.

**Table 7: Communications Plan: FIP I Project Implementation on the ground**

Objective	Key Risks/ Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/ activities)	Timeline	Responsibility	Resources (human)
<b>To communicate the activities on the ground as REDD+ implementation (district level).</b>	Lack of interest, ownership & information, weak local staff capacity. Project failure, technology & capacity problems.  Lack of clarity for FMU (Sintang).	General target: Government, opinion leaders, decision makers, media, civil society and affected people.  Specific target: Pemda, Bappeda, Bupati, Governor, Dishut & Perkebunan.  Community Leaders, Head of Religious, Targeted community groups. Local CSOs.	Clear message on what is REDD+ intervention, development of activities on the ground (FMU and the communities)	Interactive dialogue, meetings, seminars, FGD, trainings.  Printed information, posters, brochures, banner, comics with illustration and adopt local culture for distributions in the villages. Same approach and tools for community groups.  Website, social media. Movie, radio/TV program.  Information in Bahasa & English	When implementing the project  Through process when working with affected people/community and societies. Frequent visit to related government bodies (local and central) to update the progress, send out media message (every 3 months).  Meeting with affected community groups every month.  Website at least every 2 weeks. Social media: real time if possible (by sending information via twitters, upload photo via Instagram, Facebook) or at least 12 hours after the event happen.	Project Manager and Communication Specialist	Content development, publications, distribution, PR/marketing, logistical cost, events cost.
<b>Build community based forest management and adopted in FMU long-term management plan</b>	Lack of interest & ownership. Knowledge and capacity barrier. Project failure, technology problems.  Lack of clarity for FMU (Sintang).	Communities and FMU officers	To provide training for FMU officers on forest products utilization, fire fighting, communication and participatory planning and facilitation skills.				Content development, training materials. Resources and logistical cost,

Objective	Key Risks/ Challenges	Main Stakeholders	Message	Means of Communications (channels/languages/ activities)	Timeline	Responsibility	Resources (human)
<p><b>To promote community production, ecotourism to increase local income and facilitate market link.</b></p>	<p>Lack of time &amp; quality. Sources of material and capacity barriers.</p> <p>Innovation.</p> <p>Access to the market.</p>	<p>Women Group PKK</p>	<p>More skills can increase quality &amp; income.</p> <p>More innovation more value added.</p> <p>Clean and hygienic facilities will also raise attractively of the area for tourists</p>	<p>Finding collaboration with national designers, food travel, adventure travel, sponsor a women's magazine journalist to the field, join the craft exhibition, link with work at UN bodies (such as UNICEF), find broader market links.</p> <p>Create Memorandum Of Understanding for collaboration with cooperatives.</p> <p>Internet based promotion</p>	<p>When the project is implemented</p>	<p>Project Manager and Communication s Specialist</p>	<p>Content development, web site development, training, PR/Marketing, publications, distribution, logistical cost, exhibition to promote the products, events cost.</p>

## Annex – Sample Communication Tool

### A. General Fact Sheet

- (i) Introduction of what is FIP, MBDs & its objectives
- (ii) General points on the Indonesia FIP Project:
  - a. Objective
  - b. Why the project is important for Indonesia and Kalimantan
  - c. Citation from the Government of Indonesia (Gol) staff to highlight the importance of the project
- (iii) ADB-FIP Project:
  - a. Objectives
  - b. Expected outcomes
  - c. How funding will be spent
  - d. Project location
  - e. Activities
- (iv) Contact person: Gol and ADB
- (v) Website, fax/phone address

### B. Poster, Poster Calendar, Short Information, Comics For Knowledge & Awareness Raising

Content:

- (i) Consistent, clear and simple information about REDD+, deforestation, forest degradation, global warming, climate change, MRV, REL, sustainable economic activities, FPIC, safeguards.
- (ii) Simple and short information about the project and its implementation on the ground.
- (iii) How the project is foreseen to benefit the people and environment
- (iv) Adopted to local culture, providing concrete/ local examples, exemplify climate change related risks with those weather-related events that become more common due to climate change and which communities have dealt with, such as drought, flooding, reduction in harvesting levels, certain diseases.
- (v) Use metaphors and proverbs.
- (vi) Use drawings and diagrams.

### C. Using Another Sources

The following non-conclusive collection of external leads may be drawn upon in the actual development of project communications collateral:

- (i) References for REDD+ tools: <http://www.forestclimatechange.org/>
- (ii) A 'School' for REDD+ Officials <http://www.forestclimatechange.org/forests-climate-change-mitigation/ahead-cop20-lima-redd-training-material-available/>
- (iii) Background information about the UN REDD+ programme: <http://www.un-redd.org/AboutREDD/tabid/102614/Default.aspx>
- (iv) Simple guidance tool to REDD+ and climate change: <http://www.cifor.org/library/2812/simple-redd-cifors-guide-to-forests-climate-change-and-redd/?pub=2812>
- (v) [http://unfccc.int/land\\_use\\_and\\_climate\\_change/redd\\_web\\_platform/items/4531.php](http://unfccc.int/land_use_and_climate_change/redd_web_platform/items/4531.php)
- (vi) Videos:
  - a. Introduction on REDD+ ([littleREDDdesk](http://www.littleredddesk.com)): <http://youtu.be/4Z4TIC1ObUI>
  - b. Code REDD+ Association's "How REDD+ Works" Animation: [http://youtu.be/cCe7X492q\\_w](http://youtu.be/cCe7X492q_w)
  - c. REDD+ - UN REDD's video channel: <http://youtu.be/PYHldt9gfMw>

- d. Examples of showing REDD+ benefits in conferences: REDD+ Talks 2013  
Intro: <http://youtu.be/9XN30fHyNis>

#### **D. Video shooting: draft content**

- (i) Current situation: impact of climate change, where Indonesia's emissions are coming from, what is Indonesia commitment and world's commitment to handle the impact of climate change.
- (ii) Simple Graphic that explains what REDD+ is and why Indonesia was chosen as a pilot country for FIP.
- (iii) Implement global agreement into local activities
- (iv) Local examples, link it with weather-related events communities have dealt with, such as drought, flood, harvest fail, change in seasonality, diseases, etc. Use metaphors and proverbs
- (v) Use drawings and diagrams
- (vi) What does the project on the ground mean? Simple explanation about the project, FMU, and link with REDD+ implementation.
- (vii) What are DOs and DON'Ts for REDD+ (such as community is not expected to do more land conversion but in return the project will help them to advance their economy and provide value-added compared to what they currently have now)
- (viii) How the community can participate and how the project will benefit them.
- (ix) What is the expectation and commitment from community so the objective of REDD+ will be achieved?
- (x) Adopt local culture, use local examples in weather-related events communities have dealt with, such as drought, flood, harvest fail, change in seasonality, diseases, etc.
- (xi) How the project will benefit to people, economically and environment (in the short and long term).

#### **E. Website And Social Media Draft Content And Set-Up**

- (i) Informative, user friendly, interesting and supporting with high technology that can be down load via smart phone, iPhone, android base, but also possible to be accessed with slow connection and weak signal coverage.
- (ii) Having monitoring system, such as: how many visit the site, from what country, region (if possible), what information most popular to be read.
- (iii) 2 languages: Bahasa Indonesia and English
- (iv) Video and photo library
- (v) For new published article directly upload by system to twitter and photos directly upload by system to Instagram.
- (vi) Having mirror news in Facebook and twitter.
- (vii) Have link to FMU piloting project, FIP Program, Multilateral Development Banks and other relevant and reliable sources

Example web pages for ecosystem services related markets and performance-based payments into which the PPTA consultant was involved include:

<http://www.mycfi.com.au>  
<http://cleancookstoves.org>  
<http://finanzascarbono.org>

#### **G. Media Information Draft Set Up And Content**

- (i) Content Development for upcoming /latest news
- (ii) Weekly update the News Room in the website, broadcast the link via social media (to encourage people to visit the project website).

- (iii) Create e-newsletter for latest news and distribute to targeted m-list group, such as Climate L, CIFOR, Media.
- (iv) Create printed newsletter for latest news in a simple way and distribute to the targeted community groups.
- (v) Traditional way for local media, send the information manually/face to face to local contributor or arrange informal monthly lunch gathering with media contributors/journalists in the office.

## H. Media Release

### Content:

- (i) Date, timing / embargo and release date
- (ii) Title / subtitle
- (iii) Location
- (iv) Paragraph 1: Introduction of event
- (v) Paragraph 2-4: consist of 5W: Who, What, Where, Why, When
- (vi) Quotes by senior staff of relevant institutions or partners
- (vii) Additional Information about the project and other information can be downloaded from the website.
- (viii) Contact of source person
- (ix) Contact Detail

## I. Capacity building related to Communications activities

**Table 8 List of Capacity Building**

No	Training	Frequency of Training	Description	Target in 5 years
1	Training for learning and behavioral changes	2-5 times in 5 years	Set up the baseline before and after the training conduct	All facilitators and district coordinator.  Representative from FMUs, Dishut and Province staff
2	Green School implementation	2 in 5 years	After curriculum developed, the the teachers should be trained on how to implement the curriculum	Fully adopted in year 3
3	Training for the operation of communications infrastructure	Once communications infrastructure is established  Subsequently, based on requirements (at least once per year)	Training for District Forestry Office and FMU staff in Sintang and Kapuas Hulu district.	6 people  Another 6 people after 3 years.
4	Training for web development, maintenance and content management	1 <sup>st</sup> year and 2 <sup>nd</sup> year	Training for Forestry Office, FMU staffs, the facilitators and villages representatives	8 people: 2 from district of Forestry Office, 2 FMUs staff and facilitators coordinator  In the 2 <sup>nd</sup> year training for the facilitator
5	Training for Communications Skill (writing, reporting, presentation, speaking)	1 <sup>st</sup> year and 3 <sup>rd</sup> year		75 people: 8 from District Forestry Office, 16 FMU staffs, facilitators and villlage representatives participated in the training
6	Training to make basic video and photography of project activities and impacts	1 <sup>st</sup> year and 3 <sup>rd</sup> year		20 people: 2 from District Forestry Office, 2 FMU staffs, the rest is facilitators and village representatives.