

September 17, 2015

[Approval by mail] Indonesia: Promoting Sustainable Community Based Natural Resource Management and Institutional Development (World Bank) FIP -Comments from UK

Dear Mafalda,

Many thanks for sight of this proposal for FIP programming in Indonesia. We know the time and hard work it has taken to develop this project, and we appreciate the efforts of the World Bank team in achieving this.

The UK does have a few questions with regards to potential risks facing the programme on which it would be helpful to have further information. We apologise for the late notice in supplying these, we have experienced some delays due to travel.

- Thanks to the WB for outlining the potential political and governance risks raised by reallocation of responsibilities over the past year or so. The proposal includes a number of measures to try and mitigate these risks, and to ensure greater coordination across ministries etc – however, there is less information available on ensuring buy-in from provincial levels of government (which will be particularly important as the proposal suggests the 10 KPHs to be sampled will be primarily provincial KPHs). Will this be included as part of the work in Component 1 (or possibly outreach in 3), and if so how achieved?
- We notice that partnerships with private entities are part of the operationalisation of KPHs that will be in scope for Component 3's technical assistance, but are aware of the challenges in finding the right partners to secure responsible investment in the sector. It would be useful to hear more detail about the Bank's strategy in supporting this particular element of KPH activity.
- It is positive to see that private sector financing is only one of the potential sources of sustainable financing that the FIP programme will help the KPHs to secure. However, it would also be useful to ensure that the financing mechanisms do not rely too heavily on the expectation of REDD+ financing being available at particular times.
- There appears to be an inherent risk in the dual role of KPH as both regulator and service provider, as the roles seem to create a conflict of interest (for example, if the KPH is dependent on the flow of income from the client being regulated). Are there any ways in which this programme will particularly focus on the reconciliation of these two responsibilities?
- The social assessment highlighted the opportunity to build accountability to the local community into the design of the project. It is very positive to see that component 3 will provide technical assistance on (inter alia) communication and outreach, and will support community empowerment in 10 KPHs. It would be useful to hear how else the programme will seek to enhance accountability to local stakeholders throughout?
There may be some mutual benefits in discussion of this subject with DFID's Indonesia office, where our colleagues are seeking to set up local forest councils that are open to community-based groups and individuals, with whom the head of the KPH can share their plans and report back on progress. They are currently piloting some examples, and would welcome cooperation with FIP as implementation progresses.

We look forward to hearing from the World Bank regarding these questions.

Kind regards,
Emma Dougan
DFID, United Kingdom