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Report No: {PAD1692}

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$ 6.33 MILLION

TO

SAMDHANA INSTITUTE

FOR A

STRENGTHENING RIGHTS AND ECONOMIES OF ADAT AND LOCAL  
COMMUNITIES PROJECT

{RVP/CD CLEARANCE DATE - SAME AS ON MOP}

*{Environment & Natural Resources}*  
*{EAST ASIA AND PACIFIC}*

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective October 19, 2016)

Currency Unit = IDR  
13023 = US\$1  
US\$ = SDR 1

FISCAL YEAR  
January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

AMAN	Indonesian Indigenous Peoples Alliance
BIG	National Geospatial Agency
BPN	National Land Agency
CDD	Community-driven development
CPF	Country Partnership Framework
CSO/CBO	Civil Society Organization/Community Based Organization
DGM-I	Dedicated Grant Mechanism for Indonesia
ESMF	Environmental and Social Management Framework
FIP	Forest Investment Program
GoI	Government of Indonesia
GRM	Grievance Redress Mechanism
IPLCs	Indigenous People and Local Communities
KPHs	Forest Management Units
MOEF	Ministry of Environment and Forestry
M&E	Monitoring and Evaluation
NEA	National Executing Agency
NSC	National Steering Committee
POM	Project Operational Manual
REDD	Reduced Emissions from Deforestation and Forest Degradation
SLMP	Sustainable Landscape Management Program

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# INDONESIA: STRENGTHENING RIGHTS AND ECONOMIES OF ADAT AND LOCAL COMMUNITIES

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**PAD DATA SHEET**

*Indonesia*

*Strengthening Rights and Economies of Adat and Local Communities (P156473)*

**PROJECT APPRAISAL DOCUMENT**

*EAST ASIA AND PACIFIC*

*0000009061*

Report No.: PAD1692

<b>Basic Information</b>			
Project ID P156473	EA Category B - Partial Assessment	Team Leader(s) Diji Chandrasekharan Behr, Gayatri Acharya	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ X ]		
Project Implementation Start Date 13-Feb-2017	Project Implementation End Date 31-Dec-2021		
Expected Effectiveness Date 13-March-2017	Expected Closing Date 31-Dec-2021		
Joint IFC No			
Practice Manager/Manager Iain G. Shuker	Senior Global Practice Director Julia Bucknell	Country Director Rodrigo A. Chaves	Regional Vice President Victoria Kwakwa
<b>Approval Authority</b>			
Approval Authority Board/AOB Decision please explain The Board has approved the Global DGM and all subsequent DGMs are AOB.			
Borrower: Samdhana Institute			
Responsible Agency: Samdhana Institute			

Contact:	Budi Rahardjo				Title:	Program Director					
Telephone No.:	622518313947				Email:						
<b>Project Financing Data(in USD Million)</b>											
<input type="checkbox"/>	Loan	<input type="checkbox"/>	IDA Grant	<input type="checkbox"/>	Guarantee						
<input type="checkbox"/>	Credit	<input checked="" type="checkbox"/>	Grant	<input type="checkbox"/>	Other						
Total Project Cost:		6.33			Total Bank Financing:		0.00				
Financing Gap:		0.00									
<b>Financing Source</b>							<b>Amount</b>				
Borrower							0.00				
Climate Investment Funds							6.33				
Total							6.33				
<b>Expected Disbursements (in USD Million)</b>											
Fiscal Year	2017	2018	2019	2020	2021	2022	0000	0000	0000	0000	
Annual	1.00	1.50	2.00	1.25	0.58	0.00	0.00	0.00	0.00	0.00	
Cumulative	1.00	2.50	4.50	5.75	6.33	6.33	0.00	0.00	0.00	0.00	
<b>Institutional Data</b>											
<b>Practice Area (Lead)</b>											
Environment & Natural Resources											
<b>Contributing Practice Areas</b>											
Social, Urban, Rural and Resilience Global Practice											
<b>Proposed Development Objective(s)</b>											
To improve participating indigenous people and local communities' (IPLCs) capacity to engage in tenure security processes and livelihood opportunities from sustainable management of forest and land											
<b>Components</b>											
<b>Component Name</b>							<b>Cost (USD Millions)</b>				
Grants to strengthen IPLC capacity to enhance tenure security and improve livelihoods							4.03				
Inform policy processes and dialogue							0.91				
Project Management, Monitoring and Evaluation							1.38				
<b>Systematic Operations Risk- Rating Tool (SORT)</b>											

<b>Risk Category</b>	<b>Rating</b>	
1. Political and Governance	Substantial	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Substantial	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	Substantial	
7. Environment and Social	Substantial	
8. Stakeholders	Moderate	
9. Other		
<b>OVERALL</b>	Substantial	
<b>Compliance</b>		
<b>Policy</b>		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ X ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X
<b>Legal Covenants</b>		

Name	Recurrent	Due Date	Frequency	
<b>Description of Covenant</b>				
<b>Conditions</b>				
Source Of Fund	Name	Type		
<b>Description of Condition</b>				
<b>Team Composition</b>				
<b>Bank Staff</b>				
Name	Role	Title	Specialization	Unit
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Gayatri Acharya	Team Leader	Lead Economist	Natural Resource Economist	GSU02
Achmad Zacky Wasaraka	Procurement Specialist (ADM Responsible)	Procurement Analyst	Procurement	GGO08
I Gusti Ngurah Wijaya Kusuma	Financial Management Specialist	Financial Management Specialist	Financial Management	GGO20
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<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>Location</b>		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
<b>Consultants (Will be disclosed in the Monthly Operational Summary)</b>					
Consultants Required ?    Consultants will be required					

## I. STRATEGIC CONTEXT

### A. Country Context

1. **Indonesia is endowed with the third largest tropical forest area in the world.** Indonesia's rural population accounts for 47 percent of the total population (or about 118 million people), nearly half of which (48.8 million people) live in or around forestland. The poverty rate in forest areas is 20 percent, double the national average. Many of Indonesia's communities have longstanding, direct and multi-faceted relations with natural ecosystems, relying on them for subsistence, livelihoods and economic development. In 2013, nearly 55 percent of the population remained dependent on land for their subsistence. On average, 20 percent of household income for these communities is derived from natural resources. In some regions, like Papua, this value is as high as 50 percent.
2. **Unclear land use policies and land tenure is an underlying cause of deforestation and forest degradation.** Land governance in Indonesia is complex. *De jure* access and use of the Forest Estate is controlled by the Ministry of Environment and Forests (MOEF), even though the National Land Agency (BPN), has the mandate for land titling, records and other administrative functions. The dual system land administration in Indonesia has resulted in overlapping land-related regulations and guidelines, and ambiguous provisions regarding the management and administration of land and land-based natural resources. The resulting deforestation is of concern for Indonesia and the world, as the 94 million hectares of natural and planted forests are important biodiversity habitat and an important global carbon sink.
3. **The livelihoods of forest dependent communities are also threatened by lack of tenure security.** Customary land rights and tenure in Indonesia are being constantly eroded or violated. Large tracts of land are being expropriated in the form of long-term concessions for industrial agriculture, mining, hydropower, road building and other industrial infrastructure. Lack of tenure security among indigenous peoples and local communities (IPLC) is a major driver of poverty and social strife, as well as significant deforestation and environmental change. The situation is exacerbated by the fact that IPLC families who lose use rights or customary holdings rarely receive fair compensation from either the state or investors. Despite progress made in recent years, the complex forest land use policies and land governance system have resulted in government rarely receiving sufficient concession or lease fees or other revenues that could be used for poverty reduction.
4. **Compounding the problem of tenure insecurity is the limited access communities in forests have to services.** Communities that live in villages situated within forest areas are not allocated a village status and code. As a result, these communities cannot receive public transfers such as the village fund - Dana Desa or Alokasi Dana Desa. They also do not receive services from the line ministries such as Health and Education. They only receive support from the Ministry of Environment and Forestry. When these communities are recognized as a village – whether Adat or regular – they are then entitled to receive the above services. The special treatment that Adat Villages receive is that their governance system can reflect their local customs.

5. **Efforts to reduce deforestation and poverty among forest dependent households must sustain the forest system and augment tenure security.** Given the context of recent government initiatives with regard to climate change, forestland management and land governance in Indonesia, there are opportunities for this proposed project to have broad impact, with its focus on building capacity of IPLCs to secure tenure and access to services. Clarifying tenure rights will enable IPLC households to access technical assistance and investments to sustainably manage their natural assets, improve their livelihoods, and promote their needs and interests in policy discussions. Clear tenure and improved access to services will also address drivers of deforestation and, over time, help mitigate GHG emissions from forest land conversion.

## **B. Sectoral and Institutional Context**

6. **The Indonesian Government is currently reviewing its policies that shape land governance and access to services and financing in villages.** Tenure security for IPLC remains an issue because of the dual system of land administration in Indonesia, involving MOEF and BPN. National and sub-national governments are beginning to take more conscious decisions on forestland allocation and considering its impacts to land and society. These are partly triggered by the judicial decisions of the Constitutional Court on authority of MOEF over the Forest Estate, as large tracts have not been gazette as forests, and on the legitimacy of *adat* (customary) communities claims to land. In line with this, the government has placed a moratorium on large-scale land acquisitions, reviewing the process for different forest tenure regimes for increased community benefits. Overall, the better governance of forestland resources has become a priority, and multi-stakeholder dialogue has become possible representing a major opportunity for engagement.
7. **There have been several national efforts to address land conflicts and unsustainable land use.** A key effort is focused on harmonizing base map data on land use through the development of One Map. The aim is to eliminate the use of different land use reference maps by different ministries and reduce the occurrence of incongruous regulations being applied to an area. In addition there have been several regulations issued, such as in 2014, an Inter-ministerial regulation (no. 79/2014) was issued to develop procedures to address issues related to land status and natural resource conflict within Indonesia's Forest Estate. This relates to farmland areas inside currently zoned forest estates and generally enables smallholders to seek tenurial claims. Ministry of Agrarian and Spatial Planning/National Land Agency (ATR/BPN) issued regulation no. 9/2015 elaborating procedures for the determination of communal rights on customary land and the land of communities in special regions allowing *adat* communities to secure collective legal rights over their territories, without subjecting them to complex administrative processes. Ministry of Home Affairs (MoHA) issued decree no. 44/2016 assigning district administrations responsibilities to identify and define village authority including management of land and resources.
8. **In 2014, Joko Widodo, as the new Indonesian President, made a commitment to strengthen the rights of local communities over land and forest resources.** Following this, MOEF has announced that 12.7 million hectares of forestland will be transferred to local communities by 2019. MOEF aim to achieve this target, which is part of the government's five

year plan (2015-2019), through social forestry schemes, which includes *hutan kemasyarakatan* (community forestry), *hutan desa* (village forests), *hutan tanaman rakyat* (community plantation forests) and *hutan adat* (customary forests), as well as forming partnerships for collaborative forest management. While MOEF has expressed its commitment to enable social forestry, it is still in the process of revising regulations for processing permits for social forestry. There also is the need to ensure there are adequate incentives to process permits at the district and provincial level

9. **At the local level, in response to the government's committed to transfer management of 12.7 million hectares of forest lands to *adat* and local communities, the Indonesian Indigenous Peoples Alliance (AMAN) and partners have been supporting communities to carry out participatory mapping of *adat* land.** They are also consolidating all the participatory land maps produced and are working to secure legal acceptance of these maps. Civil society groups report that by early 2016, nearly seven million hectares of indigenous land (of which 6.2 million hectares are recorded as forests) have been mapped in approximately 760 locations in 19 provinces.<sup>1</sup> These indicative indigenous land maps have been submitted, since 2012, to MOEF and the National Geospatial Agency (BIG) for necessary review, verification and steps for inclusion in the government's One Map registry. As part of the One Map process and in support of mapping community land (including land held by *adat* communities), civil society groups have persuaded government to work jointly on Standard Operating Procedures (SOP) for participatory mapping of community lands.
10. **Many good local initiatives to strengthen tenure are however not getting enough support to be effective.** Several of these practices generally rely on voluntary intra- or inter-community and local government agreements and implementation. In the absence of sufficient support at the sub-national levels, such initiatives have generated limited impacts for IPLC groups.
11. **While tenure security and clarity over rights is a necessary condition for improved livelihood, it must be accompanied with livelihood support to help reduce poverty.** There is evidence from research on social forestry that permits for community based management need to be positioned within a broader effort towards community empowerment in forest management. In addition, for communities to derive benefits from their natural resources, they need to have access to information, market, decision-making process and support networks.
12. **There are government programs that aim to provide livelihood support to local communities.** MOEF has, as part of its Social Forestry and Environmental Partnership Directorate General, grant schemes that assist with livelihoods and enterprise establishment. These funds, however, come with restrictions on how they are used and scope, limiting the impact they have over the long-term. The Village Governance Law 6/2014 (Village Law) commits the central government to transfer up to 10 percent of total intergovernmental grants

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<sup>1</sup> JKPP has been engaged in community land mapping work since 1999 and lead the dialogue with government and serve as the point for dissemination of information within civil society networks. Discussions indicate that about 60 different civil society groups are engaged in participatory land mapping since 2011 adding momentum to the *OneMap* work. In addition, civil society groups have reportedly produced thematic maps covering about 15 million hectares in priority provinces such as Riau, Papua, Kalimantan and Sumatera.

in the state budget to villages in the form of ‘village funds’ (Dana Desa). It also commits districts to contribute 10 percent of their own-source revenues, revenue sharing grants, and general purpose transfers to the village budget. These funds are accessible to local communities that are registered as villages. IPLCs living in forests, however, lack access to publically financed services and support from the village funds because they are not registered as a village. While communities living outside forests often find the services find the village funds provided to them are not aligned with their needs.

13. **IPLC require legal personality to avail of benefits from improved land management or financial compensation for reduced emissions from deforestation and forest degradation (REDD+). Communities must be registered as a village to access public funds like Dana Desa.** The formal procedures for becoming a registered village, thereby, accessing public funds and influencing public services, requires recognition of existence for indigenous peoples before they can be a rights holder or be granted public administration through *Desa Adat*. The Village Law also allows for autonomous governance structures based on customary claims (*Desa Adat*), with substantial opportunities to self-govern based on traditional laws and customs. According to the One Map requirements as stated in Perpres 6/2009, a Peta PERDA Tanah Ulayat (a Regional Government By-Law on Land Rights Accorded to Ethnic Groups) needs to be developed. The PERDA, which is issued following compliance with several requirements, allows an ethnic group to move from a Masyarakat Adat (Ethnic Community) status to one of Masyarakat Hukum Adat (Legal Ethnic Community) status.
14. **Maps of ancestral lands are important in the process of obtaining recognition of ancestral or communal lands.** A regulation is currently being drafted that will require a participatory mechanism for mapping the ancestral lands and will require the province, after verification of the land, to enact the result as a PERDA. IPLCs, however, have been engaging in participatory mapping processes, using extensively tested participatory mapping approaches to map their ancestral lands. These participatory maps, while not formal maps till they are verified, form a basis for dialogue with local government and negotiation. They also can help accelerate the verification process of customary claims. Article 76 of the Village Law makes specific reference to communal land (*Tanah Ulayat*) as a village asset if a village has been legally recognized as an *adat* village by district or provincial legislation.
15. **In this context, the implementation of the proposed project (hereafter referred to as the Dedicated Grant Mechanism<sup>2</sup> – Indonesia (DGM-I) could be catalytic for helping bolster both government and IPLC’s interest to clarify tenure of forests and land<sup>3</sup> and improve**

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2 The Dedicated Grant Mechanism for IPLC is a source of financing associated with the Forest Investment Program (FIP) which is one of the programs under the Climate Investment Funds. The DGM has been established to provide the IPLC in FIP pilot countries a source of financing and learning mechanisms to support their participation in the FIP investment programs and projects. The funds are to complement the activities being carried out by the FIP investment project in the country. DGM financing primarily aims to enable IPLC to engage in dialogues, processes, and identification of policy and technical solutions with Government and partners on issues related to REDD+.

<sup>3</sup> It should be noted that IPLC’s view on tenure security is not uniform with the ‘Property Rights school’ which reduces security of tenure to the notion of a paper title that that can be traded or mortgaged in well-functioning land markets. Instead, the IPLC seem to associate tenure security with recognition and respect for their claims to land without formal title.

**livelihoods.** The DGM-I is designed to address both the immediate and systemic challenges of tenure security among IPLC, and to leverage the opportunities afforded by changes already underway in Indonesia. By focusing on existing opportunities to enhance their livelihoods opportunities and leveraging these to optimally position IPLC for securing formal recognition of their tenurial claims, the DGM-I will support these groups in scaling up their own learning and successes, and contribute significantly to address the drivers of deforestation and climate change.

### **C. Higher Level Objectives to which the Project Contributes**

16. **The project will help deliver several higher-level objectives including that of the Government of Indonesia (GoI) to promote inclusive and sustainable development and help forest dependent communities lift themselves out of extreme poverty.** It also contributes to the World Bank’s objectives of reducing poverty and inequality by building the capacity of IPLC to obtain support for their priority needs related to natural resources while enhancing their ability to secure tenure to forest lands. By directly engaging with civil society organizations (CSOs) and community-based organizations (CBOs) and facilitating a partnership with government institutions, the project also contributes to the Government and World Bank’s objective to improve governance over rural landscapes and the enabling conditions for achieving the national goal of reducing deforestation and associated GHG emissions, which is also a higher objective of the DGM.
  
  17. **Recognizing the importance of sustainable natural resource management to eliminating extreme poverty and boosting shared prosperity—the WBG’s overarching development objective—the Sustainable Landscapes Management Program (SLM Program) is one of six core pillars in the Indonesia Country Partnership Framework (2016–2020).** The SLMP’s objective is to support Indonesia’s efforts to reduce deforestation and land degradation through better harnessing the value of natural assets for sustainable growth and poverty reduction. The program supports actions and policies aimed at achieving an integrated approach to the efficient and sustainable use of rural lands, water, and forests in Indonesia. It does so through analytical work, policy advice, and investments in the water, agriculture, social, disaster risk management, energy, and environment sectors in an effort to better integrate those activities for greater overall impact. The SLM Program is initially focused on five main components to advance strategic investments and capacity building in forest- and land-related sectors:
    - 1) Consolidate Landscape Management Fundamentals and Implement the One Map Policy.
    - 2) Design and Implement a Forest and Land Fire Prevention and Management Program.
    - 3) Support Sustainable Development of Indonesia’s Priority Landscapes (with an initial focus on lowlands including peatlands).
    - 4) Promote Equity and Inclusive Growth in Rural Landscapes (Rural Livelihoods).
    - 5) Cross-Cutting Issues.
-

18. **DGMI, as part of a Series of Projects related to the Sustainable Landscapes Management Program, will contribute directly to SLM Program Components 1 and 4.** The DGM will contribute to SLM Program component 1 through supporting efforts to strengthen the capacity of IPLCs to identify and map their traditional lands, to submit those materials to, and participate in, the Government's ongoing One Map initiative. It will contribute to SLM Program Component 4 by supporting these IPLCs then build social and economic capital and capacity to sustainably and productively manage these lands and participate in policy discussions on land governance.
19. **Through expanding the voice and capacity of IPLCs within the framework of the SLM Program, the DGMI could leverage WBG engagement with national and provincial government and other key landscape stakeholders.** The DGMI provides an opportunity for engaging IPLC in broader landscape policy dialogue and investment decisions. Specifically the SLM Program provides WBG programmatic support to planning and implementation of policies and investments to support improved natural resource management and better harnessing of natural assets for poverty reduction and livelihoods. Such initiatives include support at the provincial and district level for enhancing tenure and resource security and piloting integrated approaches to land and forest management, among others. The SLM Program thus provides an opportunity for increasing impact of DGMI through enhancing synergies with broader SLM Program activities and engagements.
20. **The DGMI also contributes to the project development objective of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (IPLCs) including, a Global Learning and Knowledge Exchange Project for the World (DGM Global).** The DGM Global aims to strengthen the capacity of IPLCs to participate in the FIP and other REDD+ programs at local, national, and global levels.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

21. **To improve participating indigenous people and local communities' (IPLCs) capacity to engage in tenure security processes and livelihood opportunities from sustainable management of forest and land.**
22. **The PDO will be achieved through the DGM-I.** DGM-I is a demand driven delivery mechanism, designed by and for IPLC to channel funds effectively and efficiently to strengthen their visibility, and recognize and enhance their roles in the FIP, other REDD+ and related programs, and broader sustainable natural resource management at the local, national, and global levels. DGM-I follows the framework of the global DGM program.
23. **Responding to the DGM-I National Steering Committee's priorities, the project will make a strategic contribution to the lives of IPLC households and their tenure security.** The DGM-I aims to strengthen the capacity of IPLC households to obtain secure and equitable access – and control over – forest and agricultural land. It will particularly emphasize secure access for those communities who have already mapped their land areas as part of participatory land use mapping process initiated by CSOs. Guided by principle of equality in the approach,

DGM-I will pay particular attention to the inclusion of LC and IPs at all levels of the process and project investments. To achieve this goal, the project will invest in select IPLC groups' livelihoods priorities and at the same time enable them to become more effective in promoting and protecting IPLC tenure rights.

### **Project Beneficiaries**

24. **The project beneficiaries include both indigenous peoples and local communities.** For purposes of this project, indigenous peoples are defined as those social groups in Indonesia's territory that have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.
25. **Local communities, as distinct from indigenous peoples, are those who, while often long-term occupants of the lands they manage, choose not to self-identify as *adat* and may well not meet emerging government criteria for recognition of existence.** Often, this means a variance in natural resources management approaches and tenure instruments, where non-*adat* communities' management systems may be premised on individual access. This difference is most significant in context to rights recognized in Indonesia's National Forest Estate, where time bound and conditional rights are awarded to individuals and cooperatives through the community forestry program. These tenure and management options are most applicable for non-*adat* communities, while indigenous forest management areas (*Hutan Adat*) are based upon government recognition of collective local rights that are neither time bound nor conditional.
26. **The project will work in communities in seven regions.** To the extent possible, the project will focus on communities which have a) started a participatory land use mapping exercise; b) started a process of applying for the social forestry permits (listed earlier); and c) live in vulnerable landscapes such as peatlands, lowlands and fire-prone areas within forest areas. Recognizing the importance of forests to IPLC in small islands, the project will also ensure that the selection criteria do not inadvertently bias against competitive and eligible proposals from small islands. At least 30 percent of the direct beneficiaries will be women. In addition, NGOs, CSOs, and CBOs will benefit from training provided to them to effectively manage local community activities. District level government officials also will benefit from information sharing associated with this project.

### **PDO Level Results Indicators**

27. **The three PDO level results indicators include:**
  - a. Participating IPLCs submit evidence for recognition of tenure to the government (number of communities)
  - b. Sub-projects successfully completed and achieved their objectives which are consistent with FIP objectives (percentage)



- c. DGM Program participants who benefit (monetary or non-monetary) from grant activities, disaggregated by gender (number).

28. **For purposes of the first project level results indicator, the term ‘evidence for recognition’ will include evidence/documentation/ information needed as part of applications for recognition of legal personality and recognition of rights.** Additional details regarding these indicators and component level indicators are provided in section VII of the PAD.

### III. PROJECT DESCRIPTION

#### A. Project Components

##### **Component 1: Grants to Strengthen IPLC Capacity to Enhance Tenure Security and Improve Livelihoods (USD 4.03 million)**

29. **This component will, through the provision of grants, build the capacity of IPLC to pursue: (i) clarity and security over their rights to land (including forest land) in rural areas, and (ii) improved livelihoods.** This component will result in mechanisms, skills, and outputs that will assist the participating IPLCs to advance efforts to strengthen tenure and improve their well-being. It will help the participating IPLC to fulfill (to the extent possible) government requirements for greater land tenure security and access to services that improve livelihoods.
30. **The selection of communities eligible for support from this component will be based on criteria** such as: (i) community has started or has completed participatory mapping of territories or process for applying for social permits, (ii) areas are part of vulnerable landscapes (e.g., peatlands, lowlands, fire prone areas, small islands that are subject to pressure from industries such as mining and plantations), and (iii) feasibility (both financial and political). The latter will be determined based on evidence of districts’ willingness to engage in recognition of IPLC and their claims for collective land rights. Additional criteria, such as percentage of women beneficiaries, community support and organizations’ capacity, will be used to screen proposals (these are presented in Annex 1 and will be elaborated in the Project Operational Manual (POM)).
31. **Grant proposals associated with this component will include a combination of activities for all three subcomponents or activities for subcomponent 1.1 and 1.2, or activities for subcomponent 1.1 and 1.3 (when there is clear tenure).** The project aims to issue 60 block grants over the course of the project life. Several of these grants will span multiple years. The minimum grant size is estimated to be \$30,000. The first tranche of each grant will be for implementing subcomponent 1.1, and is expected to not exceed \$7,500. Details regarding the activities, selection process, and the financing mechanism are described in Annex 1 and will be further detailed in the POM.

##### **Subcomponent 1.1. Community Outreach and Mobilization (0.3 million)**

32. **Funds associated with this subcomponent will be accessible to non-governmental organizations (NGOs), CSOs, and CBOs that have been shortlisted following an open call for proposals.** The support is to enable the short-listed proponents to sensitize their targeted beneficiaries and other relevant stakeholders (e.g., local government) about the project scope and implementation arrangements, and to refine the project proposal to optimize the opportunities created by the DGM-I. The aim is to ensure that proposal beneficiaries have access to information about opportunities and requirements for tenure security and improving their livelihoods. The information is to help them determine how to most effectively use potential support from the DGM-I. Similar efforts will be made to provide the targeted beneficiaries with information on public and private financial resources for supporting local development and processes and requirements for accessing these funds. The communication and outreach will be developed in a gender-sensitive manner. Further elaboration on how this should be done will be noted in the project operational manual based on recommendations made in the gender strategy.
33. **The subcomponent will finance the costs of outreach materials, meetings, workshops, and, in some cases, community exchange visits.** The allocation of funds associated with this subcomponent and its use will match the need of the short-listed NGOs, CSOs, and CBOs. For example, organizations with a good understanding of the opportunities and requirements for tenure security may receive support to understand processes and requirements for accessing public and private funds for local development if their knowledge of the latter is limited.

**Subcomponent 1.2: Strengthen IPLC's Capacity to Enhance Land Tenure Security (2 million)**

34. **This sub-component will support IPLCs ongoing efforts to claim tenurial rights, primarily through bolstering their claims for (a) customary forests (*Hutan Adat*); (b) communal land rights (applicable to both IP and LC); and (c) permits for forestlands (e.g., social forestry or community forestry).** These three types of tenure security are the primary focus because they capture the three main forms of tenure IPLC have been striving to obtain in Indonesia. The proposed support provided through this subcomponent will position the IPLC to strengthen security over the bundle of rights associated with access and land use. The IPLC will receive information on documentation requirements for processing tenurial claims under the three target rights categories and guidance on how to secure these rights. Further, the selected IPLCs will receive assistance needed for compiling evidence regarding land areas, finalized land maps, liaising with local government officials for submission and processing of the applications for obtaining land use rights. Throughout the various activities, concerted efforts will be made to ensure adequate representation of women in the decision-making and official processes with government.
35. **This subcomponent will finance technical assistance and mentoring for IPLCs.** The aim is to assist them to collect/compile necessary evidence, information and documentation required for submission of their claims, as well as support costs for follow-up with competent authorities on the status of their application, targeted legal support for preparation of required documentation, technical support for further development of materials, travel and workshops. In addition, the subcomponent will also support dispute mediation, in case of conflicting

claims, where necessary to ensure consensus among IPLCs and build up their capacity to engage in an efficient and informed manner with the decision-makers in government and other external entities. This will include training based on the guidelines and procedures of existing and alternative dispute resolution mechanisms, with an aim to improve the IPLC's ability to engage in mediation and better resolution skills and techniques.

### **Subcomponent 1.3: Build IPLC Capacity to Improve Livelihoods (1.73 million)**

36. **Recognizing the importance of balancing tenure security processes with the ability to invest and improve welfare, this subcomponent will assist IPLC with two dimensions of improving livelihoods:** (i) determining and agreeing on the priority livelihood activities for which they want to receive support from this project (this will be done recognizing that women and men rely on natural resources in distinct ways and ensuring that women are represented in the prioritization process) and (ii) financing for their priority livelihood activities that are widely accepted to contribute to sustainable management of forests and lands. There will be a set of criteria to describe the types of activities that would be eligible for support, such as alignment with existing forest management plans or part of a menu of activities that contribute to sustainable land management. Another consideration will be the feasibility and potential for self-financing following the use of the grant (i.e., leveraging other sources of financing).
37. **This grant financing will support training and technical support to local community facilitators, and support for these trained facilitators to assist with developing and refining community development plans.** The training will also enable facilitators to transfer their skills to youth and others who are interested in becoming facilitators. The grant financing will also finance meetings and activities to assist the communities to discuss priorities and develop or refine a previously prepared plan of community level investments that could be used for purposes beyond this project. The plans would provide information on all the sub-projects for which investments are sought, and assist in prioritizing the subprojects will be submitted for DGMI financing. The funds will also cover costs of agreed investments. These investments can range from investments in agroforestry technology to investments in value addition of non-timber forest products to investments in micro-hydro (to reduce reliance on wood energy).

### **Component 2: Inform Policy Processes and Dialogues (USD 0.91 Million)**

38. **This component will focus on strengthening how IPLC representatives engage in national and subnational policy and decision-making processes that will inform issues regarding REDD+, addressing drivers of deforestation, landscape management and IPLC livelihoods.** The support will be for either members of the NSC, or other key persons identified as representing groups of IPLC (e.g., persons from the CBOs/CSOs/NGOs receiving grants as part of component 1 or persons leading dialogues on IPLC issues in national or subnational platforms (e.g., the task force on agrarian reform, or the proposed taskforce on IP issues)). The process of identifying the priority platforms will be based on a mapping the legitimacy of the platform, how it engages key stakeholders (actively or as passive participants) and the opportunities it offers for presenting key IPLC issues. More specifics will be elaborated in the POM and due consideration will be given to subnational dialogues.

39. **This subcomponent will finance capacity building and technical assistance for IPLC to garner support and effectively share their perspectives on key issues, and to raise funds.** It will also build capacity of CSOs/CBOs/NGOs that are receiving grants for implementing component 1. The project manual will describe measures that will need to be implemented to ensure that capacity of women representatives is also built. The funding provided by this subcomponent will cover the cost of compiling and packaging the evidence, and mobilizing support among different stakeholders. The allocation of resources will be spread out across the life of the project, prioritizing activities which IPLC groups can influence. The NEA will administer the funds for this component and handle all the associated procurement, and will detail a process for deciding which activities are eligible, and how the IPLC will self-select representatives for participating in these events, and how much financing will be allocated for this activity on an annual basis in the POM.

### **Component 3: Project Management and Monitoring and Evaluation (USD 1.38 Million)**

40. **This component will include management and supervision of the project.** Associated with management, it will finance the coordination meetings involving the NSC and NEA, and any regional meetings with DGM constituents to provide updates of the program and sharing insights from activities. It will support the implementation arrangement associated with this project. It will also cover the costs of providing short-listed project proponents with support for improving the project design and implementation.
41. **This component will also support the design and implementation of a strategy for the continued communication (exchange) between the NSC and the people it represents.** Implementation of the strategy will assist the NSC to champion the interests and views of their constituents and build the authority of the NSC among other stakeholders. This strategy will address how the NSC members would solicit views and interests of their constituents and how the NSC would report back to these stakeholders on the advancements in addressing the identified issues.
42. **The component will also cover the costs of establishing and operating a monitoring and evaluation (M&E) mechanism that engages local communities and informs the implementation of the project in addition to tracking performance.** The M&E system will also contribute to identifying lessons learned and will inform communications and outreach in components 1 and 2. This component will finance the implementation of a project grievance redress mechanism and communications and feedback processes to ensure that the cause of the grievances inform any necessary modifications in project implementation. A focal person will be identified within the NEA to monitor and respond to concerns raised.

### **Project Cost and Financing**

43. **The financing for this project is from the DGM funding associated with the Forest Investment Program.** This project will finance activities that are identified as priorities by the IPLC in order to better position them in the national dialogues on REDD+ and sustainable management of forest resources. There are numerous donors and development partners (e.g., Norway, Green Climate Fund) and development partners (e.g., Asia Foundation, Ford Foundation) that are also engaged in such activities, many of which are providing financing

through groups such as AMAN and the NEA. This project will build on existing efforts to strengthen community planning and access to resources for livelihoods, while focusing on the integral role played by IPLC in improved governance and management of natural resources. The project will link to other on-going efforts being supported by the World Bank such as the FIP and the One Map program to further strengthen learning and relevance across these programs.

<b>Project Components</b>	<b>Project cost</b>	<b>Grant Financing</b>	<b>% Financing</b>
1. Grants to Strengthen IPLC Capacity to Enhance Tenure Security and Improve Livelihoods	4,030,000	4,030,000	100
2. Inform Policy Processes and Dialogue	910,577	910,577	100
3. Project Management and Monitoring and Evaluation	1, 384,423	1,384,423	100
Total Costs	6,330,000	6,330,000	100

44. **DGMI, like other DGM country specific projects, complies with the DGM Global common framework under which The World Bank provides investment support to the DGM Global and the country projects.** The DGM Global was approved by the World Bank Board in March 2015.

**B. Lessons Learned and Reflected in the Project Design**

45. **The project design incorporates lessons learned from ongoing Bank supported DGM projects in Brazil and Peru which have similar characteristics to DGMI.** These main lessons taken into consideration are that:
- a. The areas of support by the DGM require significant financial resources. The DGM, however, serves as a catalytic fund for empowering the targeted beneficiaries to tap into other funding sources. It, therefore, is important to align the DGM activities and financing with other sources of project or public financing (including the FIP or other relevant projects), to help ensure interventions are feasible and scalable. The subproject selection criteria will give weight to proposed subprojects that will or could leverage other resources.
  - b. The project should engage government and other key stakeholders, including local communities and women, to build their commitment to and understanding of the project. Engagement could be supported by facilitating effective communication and outreach among stakeholders and creating opportunities for sharing knowledge. A communication and outreach strategy will be elaborated in the project’s POM and implemented in coordination with other programs associated with the SLMP. The aim will be to generate the long term commitment required to address the complex issues the SLMP addresses.
  - c. Land titling is necessary but not sufficient to guarantee sustainable forest management. There needs to be a combination of strategies in place ranging from monitoring,

environmental management contracts with concession holders, sustainable livelihood development, and more. Secure tenure for communities also protects rights of their future generations. The proposed project addresses this lesson by combining assistance for increased participation in tenure strengthening processes with livelihood and capacity building support.

- d. Ensuring good governance when implementing DGM activities requires ensuring that the NSC are representing the diverse voices of IPLC stakeholders. This can be effectively achieved when there are strong networks and organizational capacity amongst IPLC organizations and the main counterparts for the project. In Indonesia, this is particularly important because the IPLC composition is diverse and there are numerous complexities related to the many groups of IPLCs. Furthermore the capacity of IPLC organizations is wide ranging, with some that are well organized and networked, while others are less well known. Internalizing this lesson, the project component focused on informing policy processes and dialogues includes capacity building for NSC and other key representatives of IPLCs that emerge from the work being carried out by the project. In addition, the project addresses the need to ensure adequate representation of IPLC perspectives and encourage rotation of NSC membership. Both these steps will allow for greater networking and coordination amongst these groups.

**46. IEGs review of land administration projects found that interventions have better results when they are tailored to match a number of local conditions, and match the incremental strengthening of the legal and policy framework with sufficient capacity for managing this process.** The proposed project takes note of these important lesson and aims to focus only on those elements of tenure and land security that can be incrementally improved for the target communities, while accepting the need to maintain an engagement at a broader level with the legal and policy framework.

**47. The Inspection Panel has highlighted lessons to be learnt from programs that address Indigenous Peoples issues.** In particular the Inspection Panel lessons point to the importance of maintaining active supervision with responsiveness to changing circumstances and fully involving IPs in project implementation, deploying social specialists throughout project implementation and being cognizant of the long term benefits of projects that directly support the customary rights and socio-cultural well-being of indigenous peoples.

**48. Lessons from community driven development (CDD) projects in Indonesia (including the National program for community empowerment that had an environmental orientation – PNPM Green within PNPM Rural) – provide insights on how to achieve greater participation of beneficiaries in sub-projects and activities.** It found that greater participation occurred if the sub-project: (a) conforms to the priority needs of participants' livelihoods; (b) provides immediate benefits to the community; (c) directly increases household incomes in participating communities; (d) is supported by local values, local regulations, or local knowledge; and (e) is co-facilitated by community leaders and local government officials. Such sub-projects were also more likely to be replicated by other villages. The DGMI by working with IPLCs that are forest dependent will be focusing subprojects that are linked to a primary source of livelihood benefits for these communities. The design of the livelihood grant component also includes support for identifying priorities

within communities, ensuring that they are facilitated by a local facilitator and generates benefits to the community. The use of these principles in the proposed project fits well with the intention of the DGM to empower IPLC, improve governance, build social capital, and strengthen community engagement with local government.

49. **The Japan Social Development Fund (JSDF) financed SICoLIFe, a project with IPs in Indonesia, highlighted the critical role women play in income generation and ensuring the general wellbeing of households and communities.** Case studies across Indonesia reinforce this point and underscore the vulnerabilities faced by IPLC women as a result of large-scale forest conversion, transitions to more cash-based economies, and as indigenous and local governance structures begin to be subject to more external influence and pressures. The proposed project has carried out a social assessment to identify key areas to strengthen a gender sensitive approach and will work with IPLC communities to address women's livelihood needs in component 1.

#### IV. IMPLEMENTATION

##### A. Institutional and Implementation Arrangements

50. **A National Steering Committee (NSC) is established in each FIP pilot country to oversee the DGM implementation in the respective country.** In Indonesia, the NSC was established in June 2014 following a consultative process that was facilitated by the Community Chamber of the National Forestry Council (DKN – Dewan Kehutanan Nasional). It resulted in the selection of nine IPLC representatives, including seven men and women representing IPs and two representatives for indigenous women and local communities. Subsequent to the formation of the NSC, a representative of the Ministry of Environment and Forestry (the FIP Focal Point) was invited to participate in the NSC as an observer to facilitate coordination with other efforts being implemented by the ministry. The World Bank, as the lead Multilateral Development Bank (MDB) supporting the DGM in Indonesia, is also an observer on the NSC. Both the government and World Bank representatives will provide inputs during the NSC meetings on technical soundness, operational feasibility and alignment of proposals with national policies and MDB policies. They will also help the NSC link the DGM activities with relevant rural development/forestry programs in the country to strengthen synergies and explore co-financing for activities and participate in the decision-making process for strategic decisions. Neither the MDB nor Government representative will take part in the selection of grant proposals for funding by the DGM, which will be decided solely by IPLC members.
51. **The NSC will have various responsibilities.** It will agree on the criteria for project selection. During implementation the NSC will engage in selecting project proposals and will approve the NEA's annual project workplan. The NSC will also actively seek feedback from their IPLC constituents, identifying emerging needs and opportunities. A representative of the NSC is also expected to participate in the Technical Steering Committee for a FIP financed project, the Program Steering Committee of the Forest Investment Program, and the Global Steering Committee of the DGM (support for the latter will be from the Global DGM).

52. **The NSC is assisted by a National Executing Agency (NEA).** The NEA was selected following a competitive bidding process. It is responsible for the day-to-day implementation of the project for ensuring the project is implemented in accordance with the POM and for all the monitoring and reporting obligations. It will also be responsible for providing semi-annual progress reports on the implementation of the program to the DGM Global Steering Committee. The NEA will work in partnership with CSOs/CBOs and NGOs that will work directly with community groups. The NEA will help them conceptualize, carry out and evaluate, in partnership with local communities, their grant financed projects. The NEA will administer the grant mechanism at a scale and scope that is aligned with their capacity and will bring in consultant support to respond to the capacity needs identified in the project assessment.
53. **The specific roles and responsibilities of the NSC, NEA, recipients of subgrants and the World Bank are outlined in Annex 2 and the POM.**

### **B. Results Monitoring and Evaluation**

54. **The Executing Agency for DGM Global, Conservation International (CI), will monitor high level indicators for the DGM program as a whole and incorporate results and lessons learned from each of the country level DGMs.** DGMI will be required to provide needed information to CI to enable them to share results at Global DGM Steering Committee and the FIP Sub-committee meetings and as part of the global lessons learned and knowledge sharing component of DGM Global.
55. **The NEA will be responsible for overall monitoring of the DGMI.** The NEA will be responsible for monitoring progress on reaching the gender target and ensuring adequate communication, outreach and community consultation. In close collaboration with the World Bank and the NSC, the NEA will establish a monitoring and evaluation plan based on the indicators established in the Results Framework and progress will be tracked against these indicators during implementation. The executing agreements with the sub-project implementing agencies will also include the project indicators relevant to the activities to be financed. Gender disaggregated data for indicators as appropriate (for example training, grant beneficiaries etc.,) will be required. Results from monitoring and evaluation will be shared regularly with community during quarterly community meetings to share lessons and allow for community feedback.
56. **The monitoring and evaluation plan will include at least two formal evaluations during the Project execution period (including a Mid-Term Review) and the parameters will be outlined in the POM.** The NEA will also be responsible for providing regular progress updates to the NSC and participating in implementation support missions to be undertaken by the World Bank and the NSC up to two times per year where progress relating to the indicators will be reviewed (up to three during the first year of implementation). A final evaluation will assess the achievement of indicators, sustainability of results and identify lessons learned that can be shared with similar projects as well as part of the global DGM learning component.

### **C. Sustainability**



57. **The social/institutional sustainability of the project largely hinges on building the necessary capacity and social capital** (through partnerships and strengthening of networks) to continue the processes and generating supporting for the activities being implemented through this project. The emphasis in the outreach, communication, capacity building, and M&E interventions is to empower IPLC and increase their confidence to carry out such activities in the future. The partnerships that are established through this project, with development partners and also with the government are structured to last beyond the life of the project. The institutionalization of the NSC will also assist with reinforcing these partnerships and building the social capital needed to obtain necessary support going forward.
58. **The long term financial sustainability of the DGMI project is generated by building the capacity of the NSC to fund raise and engage with Government programs, INGOs, and other development partners** over the course of the project to promote the models associated with the DGMI and to garner support for IPLC aspirations. The activities also support IPLC to engage in national initiatives, such as village planning processes in order to more effectively influence how public resources are programmed.
59. **The contribution of the project to biophysical sustainability of forests, is through the focus of the livelihood activities.** The project aims to support livelihood activities that reduce reliance on forest resources and also assist communities to, when necessary, manage the forest resources in a sustainable manner. The interventions also aim to support communities to obtain additional assistance for such activities, strengthening implementation of sustainable practices.

## V. KEY RISKS

### A. OVERALL RISK RATING

Risk Categories	Rating (H, S, M or L)
Political and governance	Substantial
Macroeconomic	Moderate
Sector strategies and policies	Substantial
Technical design of project or program	Moderate
Institutional capacity for implementation and sustainability	Substantial
Fiduciary	Substantial
Environment and social	Substantial
Stakeholders	Moderate
<b>Overall</b>	Substantial

### B. OVERALL RISK RATING EXPLANATION AND MITIGATION MEASURES

60. **The overall risk rating of the project is substantial.** Mitigation measures have been proposed for each of the areas of risks in the context of the project. The success of the DGM program depends on building capacity and for testing processes that allow for IPLCs to benefit from existing public programs for improving forest and land tenure security and assisting with the livelihoods of IPLC. However, securing additional financing falls outside of project's mandate. It will be important that emerging initiatives, whether under the SLMP or other

programs, consider how they can support scaling up the implementation of the project activities.

### C. POLITICAL AND GOVERNANCE

61. **The political and governance risk associated with this project is rated substantial because the political will of government to advance the agenda of land tenure security at all levels (national to subnational) will determine how rapidly the outputs of this project will be adopted into existing processes.** The political willingness at the subnational and national level is highly varied, affecting their level of engagement with activities associated with securing tenure are. The impact of this project, also hinges on the activities developed through this intervention being viewed as beneficial for the national agenda, and receiving support from a wide range of stakeholders. This will require these stakeholders to consider the NSC and DGM as a legitimate vehicle for communicating the key issues.
62. **Mitigation:** In an effort to augment the ownership of this initiative, the NSC has included the FIP Focal Point (from MOEF) in the NSC. The NSC has been urged to consider including other key government representatives. The aim is to enable a sharing of viewpoints regarding challenges and opportunities related to the key issues the project is tackling. It will also create an opportunity for discussing coordination with other ongoing initiatives such as One Map, FIP and other development partners supported investments and technical assistance. The NSC will also participate in events at which they can receive inputs from other stakeholders on DGMI (e.g., Program Steering Committee of FIP) and explore opportunities for collaboration.

### D. SECTOR STRATEGIES AND POLICIES

63. **The sector strategies and policies risk is closely linked to the political and governance risk mentioned above.** Currently, forest sector strategies support the issuance of licenses or permits, including for community based forest management (through the establishment of community forests). These strategies do not readily support the recognition of customary claims to forest lands. In addition, there is need for ministries, such as MOE, to put in place clearer regulations and operating procedures for how KPHs will work with customary claims within their areas. In addition to drafting the necessary regulations and operating procedures, there needs to be capacity building for technical government staff to work with IPLC. Without these accommodations, the achievements of the project are at risk of not having a lasting impact.
64. **Mitigation:** The activities include raising the awareness of community members regarding the role of different stakeholders and where to find confirmation of these roles in laws, regulations, and operating procedures. It also builds their capacity to engage with government officials in a manner that is informed about government requirements and procedures, and allows the local stakeholders to reflect their priorities and needs. The NSC will be encouraged to use platforms associated with FIP and REDD+ to communicate local stakeholders' perspectives regarding the sectoral and policy constraints to greater tenure security and improved livelihoods.

## E. INSTITUTIONAL CAPACITY FOR IMPLEMENTATION AND SUSTAINABILITY

65. **The NSC and NEA lack experience in managing Bank funded projects. In addition, the scope of this project requires the NEA to oversee activities in seven regions.** This raises risks with the timely implementation of the project. Furthermore, the NEA has expanded its portfolio of activities by having secured other projects that focus on similar issues, but the needed expansion of staff is unclear.
66. **Mitigation:** The NSC and NEA have received support to understand the requirements of implementing Bank funded projects. They also participated in a south-south exchanges to understand the complexity and costs of implementing DGM financed interventions. The NEA will establish a technical team (project management unit) that is dedicated to implementing the DGM financed intervention and is adequately staffed, including with consultants who will provide additional support on a need-to-basis to ensure timely implementation and compliance with the POM.

## F. FIDUCIARY

67. **The fiduciary risk associated with this project is rated substantial.** The risk is associated with geographically dispersed project locations with low financial management capacity of the CSOs/CBOs receiving the grants. Also, the procurement capacity assessment identified that Samdhana has rather limited experience of procurement under Bank's Guidelines. Although the NEA is experienced with managing grant activities for community groups, the number and value of such grants to be managed is increasing under the project. Samdhana has sufficient number of procurement staffs (3 persons) who manage the procurement under Samdhana operations, including the current project preparation Grant. It is anticipated, however, that the increased number of contracts to be procured and supervised not only by Samdhana (NEA) but also by the potential CSOs/CBOs and NGOs at the community level, will require more demanding procurement related works and hands-on support.
68. **Mitigation.** Some mitigation measures to the associated risk have been discussed, including guidelines for community grant activities in the POM and training in financial management to the community groups. The NEA will also recruit additional staff experienced in community grant typed activities for monitoring the community grants and building financial management capacity of the community groups. Mitigation measures related to procurement are noted in the procurement section of the appraisal summary.

## G. ENVIRONMENT AND SOCIAL

69. **The determination of rights over resources can be a conflict-laden process and result in the unintentional exclusion of marginalized and vulnerable households and community groups.** Furthermore, traditional decision-making structures of these communities often exclude women and disregard their priorities when determining the allocation and use of community assets. Inadequate support to households and communities regarding how they manage their natural resource assets and the land also can result in decisions that have unintended negative environmental consequences. It is recognized that several of these communities have traditional knowledge that is valuable to informing the management of

forest and other natural resources. Where the systems of traditional knowledge remain strong, they will need to be used. In several communities, however, these systems have been weakened and have not effectively internalized the impact of, *inter alia*, growing market pressures and climate change.

70. **Mitigation:** The project, following requirements of Indonesian law and Bank operational policy, will have to comply with the integrated Environmental and Social Management Framework (ESMF). The latter includes a negative list which will form the basis for inviting and selecting among proposals for support. The same list will also be used by CSOs and CBOs to plan proposed activities. The ESMF also includes a participation framework that CBOs and CSOs must adopt from the drafting of proposal through completing implementation. The Framework will also provide guidelines for CSOs and CBOs on preparing an environmental management and monitoring plan. The use of these guidelines will need to be reflected in the proposals and during project implementation. The framework will also form the basis for training CSOs and CBOs about key matters and for supervising them. The ESMF also requires that there be public disclosure of project related information by the NEA.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

71. **Unsustainable management of forest lands has significant negative externalities.** The estimated impact on the economy of the 2015 fires in Indonesia of USD 16 billion underscores how weak institutions and unsustainable management of the natural assets and land can compound the impact of weather patterns such as *El Nino*. Two of the underlying drivers for forest degradation and deforestation, as identified in the national REDD+ strategy, are tenurial issues and lack of alternative livelihoods. This DGM financed project, nested within the broader FIP program, supports activities aimed at addressing tenurial issues and improving livelihoods.
72. **The Project approach aims to maximize sustainability and invest in activities that combine immediate and long-term benefits and support for no regrets sustainable land management options for community activities chosen by IPLC.** These land management options are tones that over time would reduce GHG emissions from conversion of forests, have a net positive return (when considering the direct and indirect benefits) and build the capacity and resilience of the local beneficiaries. The activities will generally be ones that are worthwhile investing in independent of climate change because of their broader contribution to development. These investment options are more likely to be implemented, generate benefits and have few tradeoffs, and offer chances for further investment if there are opportunities for additional financing.
73. **The project, with its focus on building capacity to strengthen tenure security and improve livelihood interventions, is expected to generate several short- and long-term co-benefits.** The qualitative descriptions of some of the long-term co-benefits generated by the project are: (i) improved sustainable forest and land use management resulting from the investment in sustainable land management technologies, (ii) carbon sequestration as a result of avoided deforestation and planting of trees, and (iii) socioeconomic co-benefits from addressing the imbalance that have plagued IPLC development in the past (e.g., limited access to public services, financing, and so on). A few of the relatively short-term co-benefits are expected to

include improved benefit sharing arrangements and greater ability to the IPLC to safeguard their rights and resources. The project is also expected to reinforce the positive trend of gaining tenure security and at the same time help IPLC governance, organization and capacity building.

74. **The demand-driven nature of Component 1 of the project makes it difficult to conduct a conventional cost-benefit analysis because exact project investments are not known.** Noting this, a detailed ex-ante cost-benefit analysis is not conducted. The Bank, however, has considerable and relevant experience with CDD projects for vulnerable rural communities in Indonesia, including through the PNPM Green. The final evaluation of PNPM Green (conducted in 2012) found that well-designed sub-projects generate positive results for households in terms of both direct income and savings related to reductions in household expenditures. Following the first round of sub-project completion under the DGM-I (expected prior to mid-term review), the project will carry out an assessment of completed sub-projects (based on samples and monitoring data) to take stock of progress and inform project implementation.

## **B. Technical**

75. **The project design is technically sound and supports community livelihoods and secure tenure by using an approach of block grants.** This approach is widely adopted by the Bank and other development partners. The focus of the grants are aligned well with the objectives of the DGM (capacity building) and reflect the priorities of the IPLC (recognition of land rights and economic empowerment). The project takes on board lessons learned from other community-driven development projects and also insights from other DGM and Bank financed projects. For example, it includes activities that help IPLC representatives to effectively engage in dialogues with government and mobilize support from other donor financed interventions. This approach positions DGMI financed projects as interventions that connect IPLC with other engagements and enables them to mobilize additional support.

## **C. Financial Management**

76. **The Bank carried out a Financial Management (FM) assessment of the NEA (Samdhana). Overall, the financial management risk is assessed as being substantial.** This assessment has concluded that with the implementation of the action plan, the risks will be substantially mitigated, and the proposed financial management arrangements will satisfy the Bank's minimum requirements under OP/BP10, and be adequate to provide, with reasonable assurance, accurate and timely information on the status of the grant as required by the Bank.
77. **In general, sufficient financial management capacity is in place within Samdhana, such as adequate organizational financial guidelines, computerized accounting system, and regular audits of the institution's financial statements.** Audit reports of the last two years provided unqualified opinions on Samdhana Institute's financial statements. The main financial management risks are related to geographically dispersed project locations (across seven regions) with the low financial management capacity of the community groups. Although Samdhana is experienced with managing grant activities for community groups, the number of grants to be managed is significantly increasing under the project. To mitigate the associated risk some measures have been discussed, including guidelines for community grant

activities in the POM and training in financial management. Samdhana will also recruit additional staff for monitoring the community grants and building financial management capacity of the community groups.

78. **Project audit will be required annually with the audit TOR approved by the Bank.** The audit will also cover activities implemented by the sub-grantee and community group. In addition to an opinion on the project's financial statement, the audit will also assess the compliance of project implementation with the relevant guidelines and its effective and efficient use of funds.
79. **The applicable disbursement methods are Advance and Reimbursement.** A Designated Account (DA), denominated in IDR, will be opened in a commercial bank under Samdhana Institute's name. The DA will be a segregated account solely used to finance eligible project expenditures. Projected expenditures for six months will determine the ceiling of the advance to the DA. Reports on the use of the DA funds and request for additional advances will be based on the quarterly IFR, submitted to the Bank no later than 45 days after the end of each quarter. It should consist of: (i) list of payments for contracts under Bank's prior review and records of these expenditures, (ii) statement of expenditures (SOEs) for all other expenses; (iii) DA reconciliation statement; (iv) IFR; and (v) projected expenditures for the next six months.

#### **D. Procurement**

80. **The Grant is expected to include simple procurement involving hiring of individual consultants, consulting firm and small value goods, non-consulting services and simple construction works by the communities.** The Bank's Procurement and Consultant Guidelines (January 2011, revised July 2014) shall apply, however as has also been agreed by the Bank in the case of the preparation Grant and other identified Bank's financed and/or administered projects executed by other CSOs, Samdhana may use its own procurement manual and standard procurement forms, which have been found to be in broad consistency with the Bank's Procurement and Consultants Guidelines, and these shall be further expanded in the POM. The recently simplified procurement arrangements in the other identified projects executed by the CSOs, which was adopted from the PNPM-Peduli's Project Operational Manual, provides a list of the key elements and good practices that will facilitate further strengthening and harmonization.
81. **The procurement capacity assessment identified that Samdhana has limited experience of procurement under World Bank Guidelines.** Samdhana has sufficient number of procurement staffs (3 persons) who manage the procurement under Samdhana operations, including the current preparation Grant project, however it is anticipated that there will be an increase number of contracts to be procured and supervised not only by Samdhana as the NEA but also by the communities themselves and the potential NGOs at the community level, which requires more demanding procurement related works and hands-on support.
82. **An initial draft procurement plan for the first 18 months of the project, identifying the proposed activities, method, and estimated cost and review requirements has to be agreed with the Bank prior to negotiation.**

83. **The following mitigation actions will be completed before the signing of the Grant Agreement, based on which the residual procurement risk is determined to be moderate:**
- a. Setting of appropriate prior review requirements based on project procurement capacity and risk level to be specified in the Procurement Plan.
  - b. As part of simplification process the Bank team will work closely with Samdhana under the existing Grant to develop the POM that will provide guidance to Samdhana (NEA) and further to the communities and potential lead NGOs at the community level in procuring goods, non-consulting services, works, and consulting services following good practices with the objective of achieving value for money, ensuring transparency and integrity of process.
  - c. Proper planning of procurement activities to balance the work load of the designated procurement staff.

#### **E. Social (including Safeguards)**

84. **Public consultations in preparation for DGMI were held in seven regions from April to June 2014 led by DKN (Dewan Kehutanan Nasional/National Forestry Council) with IPLCs.** During these consultations, broad areas of support for DGMI were discussed, highlighting key concerns affecting IPLCs in each region followed by proposed activities that could potentially be supported by DGMI. The eight priority areas included (i) tenure security over territories of indigenous peoples and local communities; (ii) revitalization of an area or region where there are customary communities; (iii) economic and institutional development; (iv) Improve productivity of traditional agricultural practices and helping augment food security; (v) improving access to information for indigenous peoples and local communities (both men and women); (vi) development of renewable energy; (vii) improving access to water (of needed quality); and (viii) specific issues related to obtaining special autonomy status.
85. **During the preparation phase of the DGMI, the NSC reached out to their constituents to consult on key aspects of the project design - the selection criteria and process for selecting proposals and receive input from the local stakeholders about any concerns or considerations that needed to be taken into account.** Following these discussions, the NSC and NEA will be adopting a clear, transparent set of selection criteria and will be explicit about the activities eligible for financing (and further elaborate these in the POM).
86. **A Social Assessment (SA) was conducted, and reflects the processes and key findings of the seven regional consultations with additional inputs from NSC members.** The main issues identified in the SA related to weak recognition of tenurial rights and land conflicts, gender issues, unsustainable practices with regards to natural resources and environmental degradation, weak community institutions, limited access to information about current laws and regulations, lack of skills and resources for economic development, use of appropriate technology and conservation, and exclusion of IPLCs in policy dialogues and government decisions (e.g. issuance of concessions, gazettement of forest areas, etc.), often resulting in criminalization of IPLCs residing in state forests.
87. **The main safeguard instrument is the Environmental and Social Management Framework (ESMF).** The Community Participation Framework (DGMI-CPF) in the ESMF has established requirements and processes for social inclusion for both IP and LCs, including

women and other vulnerable groups, free, prior and informed consultations with affected communities, access to information and outreach, facilitation, and capacity building support. In addition, a simple grievance redress mechanism (GRM) is being developed and the NEA will carry out outreach to raise awareness of the system.

88. **The Project triggers OP/BP 4.10 on Indigenous Peoples.** Accordingly, proposals that receive funding from the DGMI are required to provide evidence of broad community support through free, prior and informed consultations to avoid adverse impacts and ensure that communities have a full and accurate understanding of the initiatives proposed. Since the vast majority of the beneficiaries will be IPs, a standalone Indigenous Peoples Planning Framework (IPPF) will not be required and elements of the IPPF will be integrated into the ESMF, including procedures of free, prior and informed consultations, institutional arrangement and capacity building for screening, impact assessment and preparation of relevant instruments, complaint handling, monitoring and evaluation (M&E) and disclosure arrangements.
89. **OP 4.12 is not triggered because the project will not finance activities that will result in involuntary resettlement** i.e. involuntary taking of land and/or the exercise of eminent domain. Such activities will be explicitly incorporated into the negative list for the project. If Voluntary Land Donation (VLD) is required for project activities, the ESMF provides a guideline for the handling of VLD, including the processes for conducting consultations and obtaining consent from landowners and heirs, legal documentation and processing. In the unlikely event that proposed activities result in livelihood displacement (for instance community groups give up their access to land and natural resources due to conservation or issuance of land titles), the ESMF also outlines principles for fair compensation and benefit sharing in consultation with communities affected.
90. **Gender: The gender mainstreaming report prepared for the Project notes the following key challenges/actions:** broadening the spectrum of indigenous issues to cover aspects of gender inequalities and inequities; difficulty for development practitioners and decision makers to identify gender issues when dealing with technical subjects; need for a project-wide system of gender-disaggregated information and knowledge; institutional/organization strengthening to address gender in decision making and resource allocation. The project design addresses these concerns specifically by a) requiring that the NEA be responsible for monitoring progress on reaching the gender target; b) outreach and awareness raising information will address gender dimensions and be delivered in a gender sensitive manner; c) training for CBO and CSOs on project implementation and strategies for knowledge dissemination will address gender and the Community Participation Framework (DGMI-CPF) in the ESMF requires social inclusion of for both IP and LCs, including women and d) NSC representation includes women leaders as well as representatives of women's groups. In addition, the grant making process is committed to ensuring that 30 percent of the direct beneficiaries will be women while in the assessment of all grants, criteria such as the percentage of women beneficiaries will be used to screen proposals.

#### **F. Environment (including Safeguards)**

91. **DGMI triggers OP/BP 4.01 on Environmental Assessment and is classified as Category B.** The project is expected to generate positive environmental and social outcomes because it



seeks to promote forest and natural resource management, climate change adaptation for IPLCs, tenurial security and sustainable ethno-development. Any unintended adverse impacts triggered and/or associated with project interventions are anticipated to be minor and site-specific. Component 1 mainly consists of TA activities to assist IPLCs in meeting administrative requirements and undertaking the processes for recognition of existence and land rights. Priority will be given to processes that are already ongoing. In addition, it supports economic activities that are primarily community grants for small-scale initiatives. Proposed activities under this component will have to go through preliminary screening to identify potential impacts and safeguard requirements, which include the following processes:

- a. Screening against the DGMI Negative List. The NEA in consultation with the NSC has established a Negative List for the project to ensure that any proposal not aligned with GOI regulations or initiatives with potential adverse impacts will not be financed and;
- b. Screening against the Environmental and Social Safeguards Checklist. The ESMF provides practical checklists and Environmental Code of Practices to guide implementing units in identifying potential impacts and developing mitigation action plans e.g. Environmental Management Plan, UKL/UPL, SPPL, etc. as relevant.
- c. Prior to the effectiveness of this project, the NEA in consultation with NSC will finalize the POM and relevant Standard Operating Procedures (SOPs) to operationalize the ESMF, including procedures for oversight, complaint handling and community participation. Capacity building activities for safeguards (e.g. training, on-the-job mentoring and coaching) to local implementers will be conducted to foster awareness, buy-in and adherence with the ESMF. Preventive measures for potential impacts as they may arise during project implementation have been envisioned in the ESMF by strengthening implementation oversight by NEA and project implementers (lead NGOs/CSOs), Grievance Redress Mechanism (GRM) and community participation. In addition to independent M&E activities, NEA will conduct regular supervision and monitoring of the implementation of the ESMF and report the progress as well as recommended action plans to the WB.

#### **G. Other Safeguards Policies Triggered**

92. **In addition to OP 4.01 on Environmental Assessment and 4.10 on Indigenous Peoples, DGMI also triggers safeguard policies on Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP/BP 4.09), and Physical Cultural Resources (OP/BP 4.11).**
93. **The Natural Habitats (OP/BP 4.04) policy is triggered because some of sub-project activities may have impacts on natural habitats such as agroforestry, land use management, Non-Timber Forest Product (NTFP) harvesting, and so on.** The projects will not support initiatives that would potentially lead to conversion and/or degradation of critical or non-critical natural habitats. The ESMF includes measures to promote sound management of natural resources and natural habitats. Project activities will strive to promote good practices in forest management, including innovative ideas to protect environmentally sensitive habitats and enhance the project's positive impacts on the environment.
94. **The Forests (OP/BP 4.36) policy is triggered as the proposed activities may take place in natural forest areas.** Community proposals may bring about changes in the management, protection and/or utilization of natural forests (e.g. support for NTFP and timber sub-projects).

The ESMF includes a framework and best-practice guidelines for the environmental management plan for timber sub-projects. DGMI may finance harvesting operations conducted by small-scale landholders and/or by local communities under community forest management if such operations have achieved an acceptable standard of forest management developed with meaningful participation of locally affected communities, consistent with the principles and criteria of responsible forest management as outlined in the ESMF.

95. **The Pest Management (OP/BP 4.09) policy is triggered as proposed sub-project activities may involve pest management and use of pesticides (e.g. insecticides, fungicides, etc.).** The ESMF will provide guidelines for proper procurement, handling and disposal for pesticides as well as a list of substances that cannot be purchased. Project activities will encourage use of organic fertilizers and environmentally-friendly substances for activities related to agriculture and agroforestry. In addition, awareness raising on pest management will be built into capacity building activities for environmental management.
96. **The Physical Cultural Resources (OP/BP 4.11) policy is triggered as proposed sub-project activities may have impacts on the use of and access to sites with potential cultural significance.** No project activities are expected to affect Physical Cultural Resources. However, in the event that such impacts occur due to the implementation of sub-project activities (e.g. construction work, land demarcation, etc.), the ESMF incorporates procedures to address chance finds of physical and cultural resources in consultation with affected communities.

#### **H. World Bank Grievance Redress**

97. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## II. RESULTS FRAMEWORK AND MONITORING

### Indonesia: Strengthening Rights and Economies of *Adat* and Local Communities (P156473)

Indicator	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsible for Data Collection	Explanation
				YR1	YR2	YR3	YR4	End Target				
Project Development Objectives												
To improve participating indigenous people and local communities' (IPLCs) capacity to engage in tenure security processes and livelihood opportunities from sustainable management of forest and land. <sup>4</sup>												
Project Development Objectives Indicators												
1. Participating IPLCs submit evidence for recognition of tenure to the government (number).	x	# of communities	0	0	10	20	30	30	Yearly	Progress reports from CSO/IPLC. Monitoring data from CSOs, BRWA, AMAN, and Pemda.	NEA	Evidence is still to be confirmed. The proposed evidence for recognition of legal personality includes evidence of territory, <i>adat</i> rule and institutions. For

<sup>4</sup> "Capacity" here refers to overall capacity of IPLCs to engage in various activities to support REDD+, including tenure, sustainable livelihood options, and policy dialogues at local (i.e. province, district), national or global level.

												<p>recognition of rights, evidence in additional application includes community map. For forest permits compiled information will include: (a) a list of candidate names local community group members HKm known by the village chief / headman; (b) general description of areas, among others, the physical state of the region, the social economy, and potential areas; and (c) a map of the proposed location at least a scale of 1: 50,000 in the form of written</p>
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												documents and electronic copies in the form of a shape file.
2. Sub-projects successfully completed and achieved their objectives which are consistent with FIP objectives (percentage)	x	% of sub-project	0	0	20	50	60	60	Yearly	Progress reports from CSO/IPLC. Monitoring of data from CSOs. Spot-check by independent consultant	NEA	This is a DGM Global indicator. Sub-project that are implemented according to community plan (lag expected due to implementation processes)
3. DGM Program participants who benefit (monetary or non-monetary) from grant activities, disaggregated by gender (number).	Yes	# of participants in livelihood sub-projects	0	0	300	550	700	700	Yearly	Progress reports from CSO/IPLC. Monitoring of data from CSOs. Survey using phone call/text message to cross check	NEA	It is estimated that 30% of participants are female. Total number of grants for livelihood is 30. More comprehensive survey by independent firm will be conducted if external funding can be secured
Intermediate Results Indicators												

Component 1: Grants to Strengthen IPLC Capacity to Enhance Tenure Security and Improve Livelihoods												
1.1 Participating IPLCs aware of tenure processes/map validation processes at the local level (percentage).	x	% of beneficiaries who attended socialization events	0	60%	60%	60%	60%	60%	Yearly	Pre/post-test from CSO/IPLC.	NSC/NEA	Measurement only for IPLCs who attended the socialization. Target to be revisited after Year 1
1.2 Participants in consultation activities during project implementation (number, disaggregated by gender).	Yes	# of participants	0	2,400	3,500	4,500	4,500	4,500	Yearly	Monitoring data by CSO/IPLC.	NSC/NEA	Around 30% of participants is estimated to be female. Estimations to be refined during the course of the project.
1.3 Number of community investment plans developed in participatory manner		# of plans	0	5	10	15	20	20	Yearly	Progress report and monitoring data by CSO/IPLC.	NSC/NEA	Especially investment plans related to livelihood opportunities that contribute to sustainable management of forests and lands
Component 2: Inform Policy Processes and dialogue												
2.1. Participants in the capacity	x	% of participants	0	60	70	75	75	75	Yearly	Documentation/report	NEA/NSC	Policy dialogue will be focused

development activities with increased role in the FIP and other REDD + processes at local, national or global levels (%)										from NSC/CSOs on participant (number); ex-post survey by NEA		on issues of mitigation and adaptation
Component 3: Project Management and M&E												
3.1 Grievances registered related to delivery of project benefits that are actually addressed (percentage).	Yes	% of grievances	0	50%	60%	70%	70%	70%	Yearly	Progress report updates from NEA.	NEA/NSC	

## Annex 1: Detailed Project Description

### Indonesia: Strengthening Rights and Economies of *Adat* and Local Communities Project

- 1. Indonesia's rural population accounts for 47 percent of the total population (or about 118 million people), nearly half of which (48.8 million people) live in or around forest land.** The poverty rate in forest areas is 20 percent, double the national average. To reduce extreme poverty and boost shared prosperity the government will need to tackle the challenge of improving natural resources management and environment sustainability. The strategic country diagnostic for Indonesia found a key priority in improving natural resources management and environmental sustainability in Indonesia to be reforming the governance of land allocation, land rights, access and spatial planning. The latter is necessary for improved management of and benefits from terrestrial natural assets of these resources, which in turn is a pre-requisite for improving the livelihoods of local communities.
- 2. Land governance in Indonesia is complex.** The 1945 Indonesian Constitution respects the existence of adat and adat law communities and recognizes their customary claims to land. The administrative laws such as the Basic Agrarian Law (BAL) No.5 of 1960, which contains the land policy, and the Basic Forestry Law (of 1967), however, do not carry through the recognition found in the Constitution. The Basic Forestry Law (of 1967) gives the Ministry of Environment and Forestry (MOEF) the power to manage forest lands and the Forestry Law No. 41 (1999) considers all forest land to be property of the State. As a result, de jure access and use of the Forest Estate is controlled by the MOEF, even though the National Land Agency (BPN), has the mandate for land titling, records and other administrative functions. The dual system land administration in Indonesia has resulted in overlapping land-related regulations and guidelines, ambiguous provisions regarding the management and administration of land and land-based natural resources, and unclear status of customary claims to forest lands.
- 3. Secure forest land rights and access will help improve forest management in Indonesia, as unclear tenure is one of the underlying drivers of deforestation and forest degradation.** The benefits of a lower deforestation rate in Indonesia are far-reaching. In Indonesia, land use changes, forestry and peat fires generating more than 70 percent of CO<sub>2</sub> emissions. Efforts on clarifying land tenure could decisively increase Indonesia's contribution to global climate change initiatives. Indonesia's forest is globally significant due to its size and biodiversity. Indonesia has the world's third-largest tropical forest with an estimated 94 million hectares of natural and planted forests representing 52 percent of Indonesia's total land area. These forests contain 17 percent of the world's bird species, 16 percent of the world's reptiles and amphibians, 12 percent of the world's mammals, and 10 percent of the world's plants.
- 4. Key stakeholders in the process of clarifying forest land rights are forest-dependent indigenous peoples and local communities (IPLC).** The Constitutional Court rulings MK45/2011 and MK35/2013 have called into question the size of the Forest Estate and recognized the legitimacy of customary claims to forest land respectively. Government data states that the Forest Estate (kawasan hutan), under the control of MOEF, covers 133 million hectares or 70 percent of Indonesia's total land area. MK45/2011, however, states that only demarcated and gazetted forests should be considered part of the Forest Estate, reducing the area quite significantly. MK35/2013 states that the provision in the Forestry Law declaring



customary forests as part of the domain of the state is unconstitutional, underscoring the legitimacy of adat communities claims to land. There often are overlapping claims to the land in both gazette and not yet gazette forest lands, making land issues a hotbed for conflict.

5. **In an effort to prevent further loss of land and resources and obtain recognition of their territorial rights, IPs have been mapping their customary claims.** Many IP focused groups in Indonesia adopted a community land mapping (CLM) process that built on successful approaches adopted in central and South America. CLM involves a participatory approach to generate broad land use information and introduce cartographic aspects to the information to assist communities to map boundaries to their ancestral land. It is seen as a tool for land use planning and resolving boundary conflicts, and has proven useful in countering the loss of control over land and natural resources. The mapping exercise also assisted with community mobilization while recording existing claims, informally, and provided communities with important information for requesting formal recognition of claims at a later date.
6. **In 2014, the new Indonesian President, made a commitment to strengthen the rights of local communities over land and forest resources.** Following this, MOEF announced that 12.7 million hectares of forestland will be transferred to local communities by 2019, and included this target in the the government's five year plan (2015-2019). The aim is to transfer these lands through social forestry schemes, which includes *hutan kemasyarakatan* (community forestry, HKm), *hutan desa* (village forests, HD), *hutan tanaman rakyat* (community plantation forests, HTR) and *hutan adat* (customary forests), as well as forming partnerships for collaborative forest management. As part of this process, MOEF has been preparing Pet Indikatif Areal Perhutanan Sosial (PIAPS) or Indicative Maps of Social Forestry Areas. These maps are produced together with many parties (central government, regional government, civil society (including IP groups)), aimed as a guideline for the requisition of HKm, HTR, HD, Partnership and Customary Forest. While MOEF has expressed its commitment to enable social forestry, it is still in the process of revising regulations for processing permits for social forestry. The opening created by issuance of social forestry permits has further galvanized efforts to map IP claims to land and also motivated local communities to get organized and submit requests for social forestry permits.
7. **There are a host of regulations associated with the MOEF 1999 Forestry Law and more recent ones (issued after the Constitutional Court ruling in 2013) that provide better and progressive opportunities for IPLC to obtain rights.** These include:
  - MoFE regulation no. 62/2013 concerning designation of forestland areas.
  - MoFE regulation no. 32/2015 on private forests.
  - MoFE regulation no. 52/2014 on recognition of indigenous rights without local PERDA on legal status on communities.
  - Inter-ministerial regulation no. 79/2014 to develop procedures to address issues related to land status and natural resource conflict within Indonesia's permanent forest estate (kawasan hutan). This relates to farmland areas inside forest estates (currently zoned) and generally smallholders can seek tenurial claims.
  - MoHA decree no. 44/2016 assigned district administrations to identify and define village authority including management of land and resources.

- MoATR/BPN Regulation 10/2016 on designation of communal land rights in specific areas (relate to spatial planning).
8. **For communal land rights, Adat Forests and social forestry permits (the three tenure arrangements considered as part of this project), all applications are received, reviewed and processed at district level.** The processing requires that all applications are prepared by respective community and submitted to the district offices. After processing at district level, the application will be forwarded to Competent Authority based on type of tenurial claim. The proposed three tenurial arrangements do not require applicants to obtain formal recognition of the community (legal status) beforehand. The recent national legislations have provided clear sequential steps and procedures that can lead to the granting of access and use rights or issuing of decree for such purposes.
  9. **Districts also play an important role in determining the legal status of communities.** Regulation no. 9/2015 by Ministry of Agrarian Reform and Spatial Planning (Land Agency) states that a community submits a preliminary application to the District Land Office following which the process for determining communal rights is triggered and procedures for the determination of communal rights on customary land are launched, without subjecting the IPLC to a complex administrative process. On the basis of the report prepared by a team of government officials representing key ministries (known as IP4T or Panitia teams) following their field verification, the district or provincial government decides to enact or not enact local regulation concerning the recognition of a particular community as adat law (customary) community.
  10. **Recognition of legal status is important because it enables the communities to request to be considered a village and, in turn, access much needed public transfers and services for local development.** Many forest communities or villages within forests are not allocated a village status and code. This means that they cannot receive public transfers from the village fund or Dana Desa or Alokasi Dana Desa (or other transfers) and in addition they do not receive services from the line ministries such as Health and Education. Such communities and villages currently can only receive support from MOEF. If the communities are formally recognized as a village – whether Adat or regular – they are then entitled to receive the public village funds. The latter commits districts to contribute 10 percent of their own-source revenues, revenue sharing grants, and general purpose transfers to the village budget. These formally recognized communities are also more readily eligible for transfers from other national programs (e.g., initiatives related to REDD+), and have opportunities, through their representatives, to engage in planning processes and development of programs.
  11. **IPLC consider obtaining and engaging in defining support for a host of economic development and livelihood issues to be important because of how it enables them to make effective use of securing land rights.** Consultations conducted for the DGMI revealed interest in support for increased capacity for economic activities associated with processing and utilizing forest products and services, development of people-base marketing networks, and support for lowering the transaction costs and time for IPLC to obtain forest permits. The IPLC also identified strengthening local institutions and traditional knowledge systems to be important to bolster economic wellbeing. Improved food security was another area of support and ranged from strengthening the production of local food crops and local sources of food,

development of traditional food crop seed varieties, development of environmentally friendly agricultural technology, improved land management, increased productivity of the cultivation systems, and access to water. A third area of support identified through this process was regarding the development of renewable energy.

12. **In some provinces, such as Central Kalimantan, efforts also have been underway to augment inclusion of marginalized IP groups, such as Dayak communities, through the introduction of participatory planning processes in development plans and programs.** The provincial government over time has publicly recognized that “achieving social inclusion and good land governance will require the active participation and commitment of all segments of the society, enhanced information sharing, accountability, transparency, equality, inclusiveness, and the rule of law.” The capacity of the public administration system and local authorities, however, still remains weak and progress has been slower than expected.
13. **In a province such as Central Kalimantan, while IP customary institutions have a relatively strong presence, the main role of these institutions is to preserve and protect the culture and customary traditions of the IP and maintain a formal role within the provincial government.** These customary institutions that are based on social capital, have limited experience in developing and managing their own livelihood projects. These customary institutions, however, are interested in increasing their capacity and learn about new opportunities available to benefit their communities and expand their engagement in local development. The situation in Central Kalimantan is relatively reflective of the situation in other provinces with respect to IPs and local communities.
14. **There is awareness and interest among IPLC communities in ongoing global initiatives on climate change, biodiversity and reducing emissions from deforestation and forest degradation (REDD+), and the opportunities and challenges they create.** Recent World Bank financed studies, found there was broad consensus that land rights of IPLC and their interest in forest areas should be protected and their access to services to enhance livelihoods improved. The positions of individual communities, however, are wide-ranging. Some groups strongly oppose the idea of managing forests for carbon storage and oppose carbon trading. Others accept the potential benefits such initiatives can generate and demand that their perspectives are considered in the ongoing processes. Despite these differences there is general interest to learn more about REDD+ and willingness to be prepared to negotiate and defend rights in case the programs target land and territories claimed by IPLC.
15. **Strengthening Rights and Economies of Adat and Local Communities project (DGM-I) is a demand driven delivery mechanism, designed by and for IPLC.** It channels funds effectively and efficiently to strengthen their visibility, and to recognize and enhance their roles in the FIP, other REDD+ and related programs, and broader sustainable natural resource management at the local, national, and global levels. In the context of Indonesia, these grant resources aim to improve participating IPLCs’ capacity to obtain forest and land tenure security and to improve livelihood opportunities from sustainable management of forest and land. Achievement of greater tenure security and capacity to use natural resources in a sustainable way will reduce some of the underlying causes of deforestation and degradation.

16. **The DGM-I aims to strengthen the capacity of IPLCs to obtain secure and equitable access – and control over – forest and agricultural land.** Guided by principle of equality in the approach, DGM-I will pay particular attention to the inclusion of local communities and IPs at all levels of the process and project investments. To achieve this goal, the project will invest in supporting select IPLC groups' livelihoods priorities and at the same time enable them to become more effective in promoting and protecting IPLCs' tenure rights and access services, by building their capacity to generate evidence, engage with the relevant stakeholders, and participate in policy dialogues. This project will provide IPLCs with the skills, technology, and knowledge to sustainably manage their natural assets and determine how to engage in markets.
17. **The primary project beneficiaries are indigenous peoples and local communities in seven regions of Indonesia** (Kalimantan, Java, Sulawesi, Sumatra, Nusa Tenggara Barat, Maluku, and Papua). To the extent possible, the project will focus on communities which a) have started their mapping exercise; b) have started a process of applying for social forestry permits; c) live in vulnerable landscapes such as peatlands, lowlands and fire-prone areas within forest areas; and (d) are exposed to forest land pressure from industries. Approximately 30% of the total beneficiaries will be women. In addition local non-governmental organizations and civil society organizations will benefit from the training provided to them to oversee local community activities and district level government officials will benefit from information sharing associated with this project.

**Component 1: Grants to Strengthen IPLC Capacity to Enhance Tenure Security and Improve Livelihoods (USD 4.03 million)**

18. **Component 1, through the provision of grants, will build the capacity of IPLC** to pursue: (i) clarity and security over their rights to land (including forest land) in rural areas, and (ii) better livelihoods. This component will support the establishment of mechanisms, transfer of skills, and generation of outputs that will assist the participating IPLCs to advance efforts to strengthen tenure by assisting IPLC to fulfill government requirements for greater land tenure security. This component will also increase IPLC's ability to influence and access services that improve their livelihoods.
19. **The selection of communities eligible for support from this component will be done based on a call for initial proposals that will based on a template and will be reviewed by the NEA.** The NEA will use a set of selection criteria including: (i) community has started or have completed participatory mapping of territories or process for applying for social permits (the evidence for which will include either minutes of participatory meetings or draft maps), (ii) areas are part of vulnerable landscapes (e.g., peatlands, lowlands, fire prone areas, small islands that are subject to pressure from industries such as mining and plantations), and (iii) feasibility (both financial and political). Political feasibility will be ascertained based on evidence of the relevant districts' willingness to engage in recognition of IPLCs and their claims for collective land rights.
20. **Following the review of initial proposals, the NEA will develop a shortlist that will be presented to the NSC.** Following the NSC approval of the shortlist, the NEA will contact the selected proponents and offer them support for activities in subcomponent 1.1 (described

below). Subsequent to receiving this first tranche of support and implementing the associated activities, the proponents will be invited to submit a more detailed proposal. The NEA will review the revised proposals received and assess how well they meet the original criteria and additional criteria, such as percentage of women beneficiaries, level of community support, and organizations' fiduciary and safeguard capacity (and measures being taken to augment it). The findings of the review process will be shared with the NSC for their no objection and the selected proposals will receive support for implementing the proposed activities. A detailed description of project proposal selection will be in the POM.

21. **Grant proposals associated with this component could include all three subcomponents (type A) or combine subcomponent 1.1 and 1.2 (type B), or, when there is already established tenure security, combine subcomponent 1.1 and 1.3 (type C).** The project aims to issue 60 block grants over the course of the project. The grants may span multiple years. The minimum grant size is estimated to be \$30,000. The first tranche of each grant will be for implementing subcomponent 1.1, and is expected to not exceed \$5,000. Expected number of grants per year proposed by the NEA are detailed in the table below (with an indicative breakdown of projects against the three combinations of activities).

Year of Project Implementation	Type of Activities	Number of grants and number of no-cost extension per type of activity			
		Year 2	Year 2	Year 3	Year 4
Year 1	A	14	14	14	7
	B	10	10		
	C	6	6		
Year 2	A		0		
	B		10	5	
	C		5		
Year 3	A			0	
	B			10	5
	C			5	
Year 4	A				0
	B				0
	C				0
Number of grants managed by NEA		30	45	34	12
Number of new grants		30	15	15	0
Number of grants per type of activity	A	14	Total number of grants	60	
	B	30			
	C	16			

### **Subcomponent 1.1. Community Outreach and Mobilization**

- 22. One of the objectives of the DGM is to change the conventional practice of viewing IPLCs as solely recipients of project interventions by building their capacity to influence and receive services from local government and tenure security programs.** This subtle yet transformational change will require CBOs, CSOs, and NGOs that will implement the project to appreciate this distinction. The organizations will have to work with and listen to communities' needs and interests, and ensure the proposed activities reflect IPLC's priorities. The CSOs, CBOs, and NGOs will also need to review how they will work with other key stakeholders that can influence the success of their activities (e.g., forestry representatives, village administration, and so on) and comply with World Bank fiduciary and safeguards policies. This will require providing guidance to those that have not received such support before and ensuring that all interested parties are familiar with the project requirements and guidelines.
- 23. The aim of this subcomponent is twofold; the first is to raise the awareness of potential beneficiaries and other relevant stakeholders (e.g., local government) on the project scope and implementation arrangements.** As part of the outreach, local stakeholders will be informed of how resources associated with the project will be allocated, the procedures and criteria for identifying activities the project will support, the duration of the project activities, and compliance requirements.
- 24. The second aim of the subcomponent is to ensure that potential beneficiaries of the project have the necessary information on opportunities and requirements for tenure security and improving their livelihoods.** Access to this information should help them decide how to most effectively use potential support from the DGMI. Beneficiaries will be informed about the requirements to: (i) meet the existence criteria and be formally recognized as a community; (ii) obtain recognition of customary land; and (iii) obtain rights to land and resources (e.g., through issuance of social forestry permits or designation of land as Hutan Adat). The outreach on securing land tenure will provide IPLC with information on the challenges and opportunities associated with the existing regulations. It would also provide insights from other efforts to clarify rights and present the responsibilities that communities would face should they pursue these opportunities.
- 25. Beneficiaries will also have the opportunity to learn about public and private resources for local development, and processes and requirements for accessing these funds.** The discussions on public resources would explain the procedures associated with existing fiscal transfer mechanisms (Dana Desa and Alokasi Dana Desa) and how they are programmed. It would also present information on financing opportunities associated with REDD+, KPH financing, and so on. It would enable IPLC members to learn more about the relevant processes and understand where and how they may influence the processes. The information would also assist beneficiaries to understand the information they need to prepare to access the funds. Where private sources of financing are accessible, for example through benefit sharing, outreach efforts would assist communities understand how they could participate in benefit sharing regimes from carbon financing, make the most of opportunities for partnerships with private entities and KPHs, and so on.

26. **Both sets of outreach and awareness raising information will be provided in manner that is sensitive to local contexts and gender dimensions.** As per the findings of the gender mainstreaming report, the implementation of this component will incorporate the following five core elements:
- a. Provide information on opportunities for grant financing to diverse women's organisations prior to selecting the proponents, and for those that are selected in this process, ensure that women representatives from the CSO and CBOs participate;
  - b. Ensure women and men's equal involvement in the delivery of information and training
  - c. Provide gender-sensitive information in terms of substance and delivery;
  - d. Adopt informal communication channels; and
  - e. Focus, through this process, on informing changes in attitudes, behaviour, and community and institutional rules to enhance community's acceptance of women's involvement in information delivery and mobilisation.
27. **The funds for this subcomponent would cover costs of outreach materials, meetings, workshops, and, in some cases, community exchange visits.** All outreach and awareness raising information will be provided in manner that is sensitive to local context and gender dimensions. This outreach will also explain how resources associated with this project will be allocated, any procedures and criteria for selecting specific activities, the duration of the project activities, and compliance requirements.

#### **Subcomponent 1.2: Strengthen IPLC's Capacity to Enhance Land Tenure Security**

28. **Customary land and forest land reforms form a centerpiece of the Indonesian government's development policies and programs and drives its economic growth and poverty-reduction initiatives.** Customary land is primarily administered and managed by sub-national governments. Their mandate includes: (a) supporting IPLCs to manage land in public and private domains; (b) resolving land conflicts; (c) allocating land for collective purposes; (d) supporting land offices to create property titles and update the cadaster; and (e) coordinating with the judiciary and other government departments.
29. **As noted earlier in this section, following the Constitutional Court rulings of 2011 and 2013 on the administration of indigenous and forest land, a set of regulations was adopted that further empowered local governments to support protection and recognition of IPLCs' claims for collective rights over land.** These regulations outline procedures to recognize and protect customary (adat) communities (regulation no. 52/2014); establish the IP4T obliging local officials to review the claims and provide recommendations to the Ministry of Agrarian Reform and Spatial Planning (ATR-BPN) and MOEF and address issues related to land status and resource conflict within the permanent forest estate (Kawasan Hutan; regulation no. 79/2014); and determine communal rights on customary land, without subjecting the IPLCs to a complex administrative process (regulation no. 9/2015). These new and existing legal instruments offer a comprehensive legal and regulatory framework for developing a modern communal land administration and management system. Under these procedures, communal land rights could be granted either to IPLCs collectively or to their leader in the name of the group. The regulations also specify who is authorized to recognize rights, grant rights, issue decrees on Hutan Adat (Adat forest) or designate Desa Adat (Adat Village).

30. **With regard to recognition for customary rights under the three categories, the respective minister (MOEF/ATR-BPN) is authorized to recognize or grant the rights. ATR-BPN is responsible for granting IPLC communal rights and the Ministry of Environment and Forests issues decrees on Hutan Adat.** Communal land rights could be granted either to IPLCs collectively or to their leader in the name of the group. The recognition of rights to conduct public administration through Desa Adat takes place largely at regional level. The district head or the governor is authorized to designate Desa Adat. The next process is to register the Desa Adat to the provincial government and to gain its code number from the MoHA.
31. **Taken together, the current legal framework encourages a community to apply for recognition of rights after submitting an application and documentation to seek land rights.** This is bundled with the community's application seeking legal status. As such, the application is acceptable from a legal point of view as the community now has legal personality after formal recognition. Indigenous communities can apply for rights to land and other natural resources and rights (authority) to carry out public administration.
32. **This subcomponent will support IPLCs' ongoing efforts to claim tenurial rights** primarily by bolstering their claims for (a) customary forests (Hutan Adat); (b) communal land rights; and (c) permits for forestlands (e.g., social forestry). As a priority, the subcomponent will consider villages/communities that have prepared community land maps to be used as the basis for the proposed set of activities to accomplish the objective of submitting a tenurial claim under one of the three categories mentioned above.
33. **To support this, the subcomponent will follow sequential steps and will trigger a collective land rights cycle and will have four key stages:**
- i. Disseminating information and establishing an enabling environment and conditions for developing a proposal seeking collective land-use rights;
  - ii. Securing identification and community agreement to participate;
  - iii. Conducting community consultations and preparing applications to seek collective tenurial claims and rights (including legal support to prepare required documentation and mechanisms for resolution of disagreements and disputes within the community and external parties, if any). An effective and extended consultation process will provide IPLCs with opportunities to actively participate in decision making and to have their views reflected in preparing the application seeking tenurial claims. A simultaneous engagement with the local authorities (district head in particular) is critical to mobilize government support for the initiative; and
  - iv. Negotiating with local governments.
- These four stages are interrelated. The process will be rooted with local governments and driven at the district/commune and village levels.
34. **The collective land rights cycle will assist in preparing the application,** especially identifying readiness of the respective IPLC group and assessing land maps available for the



specific area and environmental, and social guidelines; preparing comments and requests for additional information; advising on any specific requirements for compliance; reviewing and assessing the application for approval by local governments and/or any special measures required.

35. **As part of the support for this process, the grantees will make concerted effort to ensure women’s participation.** The grantees will be expected to use prior knowledge (developed during community outreach and mobilisation) about men and women’s attitudes towards women’s participation in formal and official processes related to land tenure security; build awareness of the need to involve women to participate in such processes by underlining the benefits of doing so, supported with evidence; in building awareness, work closely with community change agents identified before. If communities have already started formal and official activities on land tenure security, the technical assistance will need to convince customary or community leaders, committees, or delegates of the need to include women representatives if this has yet to be done and will use a social norms approach and sustainability arguments. Effort will also be made to establish women’s representatives in community decision-making and official processes with government on getting official recognition of communal or customary land. In addition, the grantees will be expected to tap into social networks, women’s organizations, and informal communication channels, to map the different ways women and men interact around the core issues of land tenure security, and ensure this informs the process.
36. **Support from this subcomponent will strengthen the bundle of rights associated with access and land-use for IPLCs, who will receive information on the documentation required for processing tenurial claims under the three target rights categories and guidance to secure it.** Further, the selected IPLCs will receive the required assistance to compile evidence for land, finalize land maps, and liaise with local government officials for submission and process applications for obtaining rights for use of land.
37. **The subcomponent budget will include technical assistance and mentoring for IPLCs to assist them in collecting necessary information and documentation on their claims and to show that the claims are not contested.** In addition, the subcomponent will finance dispute mediation, where deemed necessary, to ensure consensus among IPLCs as well as support costs for submission follow-up, targeted legal support for preparation of required documentation and strengthen their capacity to engage in an efficient and informed manner with decision-makers in government and other external entities. The training would be based on the guidelines and procedures for existing and alternative dispute-resolution mechanisms to improve IPLCs’ ability to engage in mediation and hone resolution skills and techniques, technical support for further development of IEC materials, travel and workshops.

### **Subcomponent 1.3: Build IPLC’s Capacity to Improve Livelihoods**

38. **Tenure security is a necessary condition for improving rural livelihoods and offers the community or individual with the confidence to invest in the resource base in a manner that generates benefits over time.** It does not however in itself provide poor communities and households with the needed capital to make such investments. Mobilizing investments will be important to engender economic growth in rural areas and also to foster equitable benefit

sharing. Involving communities and villages in the process of making investments will be important as they play a key role in determining allocating, distributing and using resources. Villages and districts also play a role in service delivery.

39. **In Indonesia, subnational governments are primary providers of almost all public services.** Law 32 of 2004 on Regional Government considered villages as the lowest level of government and required districts governments to provide a regular transfer to village governments for development activities. The new village law provides an even stronger basis (including financial basis) for villages to play a larger role in service delivery. Sustainability is also one of the principles that guides village investments. For IPLC to receive services and support that aligns with their priorities, they must be able to clearly articulate their needs and, when possible, provide evidence for how meeting these needs would deliver on the broader development agenda of the Village Law. Similarly, where opportunities related to REDD+ could provide financing for local development activities that promote sustainable forest resource management, communities will need to be able to negotiate terms that deliver on their interests.
40. **This subcomponent will assist IPLC in two ways:** (i) build the capacity of local facilitators to assist communities to develop community investment plans, and prioritize elements related to the scope of the DGM in the plan, and (ii) finance priority livelihood activities that are likely to contribute to sustainable management of forests and land.

*Capacity building of local facilitators and preparation of Community Development Plans*

41. **Facilitation services can help elicit the perspective of marginalized groups and help them articulate their needs for services more clearly and to self-advocate for assistance.** Facilitation can contribute to awareness, motivating stakeholders to work collectively, and also empowering communities to voice their opinions. To effectively deliver such services to IPLC, however, it is necessary to build capacity in working with these stakeholders and to promote their effective participation in meetings and dialogues on livelihood benefits and forest resource management.
42. **This subcomponent will support training and technical support to individuals selected by the local communities as their facilitator.** These community organizers will be trained in inclusive facilitation, supporting preparation of community investment plans, and promoting local communities' priorities in village development planning processes using a community development plan. The facilitators will receive gender training which will provide them with approaches for taking into account the likely challenges of the facilitation work in socio-culturally sensitive settings and how to address these challenges. The training will also teach facilitators how to transfer their skills to youth and others who are interested in becoming facilitators. The financing will support actual facilitation of community meetings to develop a plan that is compatible with local planning processes and livelihood financing opportunities, and the drafting or refining of a new or existing community investment plan respectively.
43. **The financing associated with this subcomponent will also cover training costs, and costs of developing/refining community investment plans** (e.g., meetings, workshops, writer, and

where relevant community-to-community exchanges). Part of the funds will be used for a gender mainstreaming training workshop for IPLC representatives and key participants in the process, and similar to subcomponent 1.2 will finance collection of needed information on gender. The purpose will be to ensure that the facilitate process of prioritization and plan development are inclusive and support active engagement of women.

*Livelihood activities compatible with sustainable management of forests and land*

44. **This subcomponent would finance eligible livelihood activities identified in community plans that were developed as part of this subcomponent (see above).** The grants will be selected based on the following criteria: (i) the proponents have recently obtained secure tenure over forest land or are in the process of obtaining secure tenure over forest lands, (ii) the activities are well aligned with activities proposed, where relevant, in the forest management plans or are activities that are widely accepted to result in sustainable management of forests and land, (iii) feasibility and potential for self-financing following the use of the grant, (iv) potential to leverage other sources of financing, and (v) the proposals are accompanied with evidence of community endorsement.
45. **An indicative list of the type of investments and technical assistance that are expected to be supported as part of this subcomponent is noted in the table below.** These areas are responsive to the priority areas of support identified during public consultations with IPLC. They will be further elaborated in the POM.

Category	Sub-category	Illustrative Sub-project Activities
<b>Land management</b>	Preventing land degradation (of individually-held or collectively-held farmland area)	Improving soil fertility, application of organic farming methods
	Productive use of farming land to reduce reliance on forests	Home gardens, household fish ponds, honey production
	Promote low-cost land certification methods (for farmers)	Collective use rights, streamlined tenurial user rights linking land to water access
	Access to micro-credit for better land use	Land certificate as collateral for higher credit levels
<b>Natural resource management</b>	Management and utilization of village/community forest resources	Agro-forestry, timber tree planting, fruit tree plantation, reforestation
	Management of environmental services	Small-scale eco-tourism (particularly in case of trekking routes and cave temples)
	Waste management	Waste management, composting
	Management and utilization of water resources	Planting trees in catchment areas, mangrove planting, riverbank planting, land rehabilitation

<b>Environmental conservation</b>	Erosion control	Planting of trees for restoration of degraded sloping lands
<b>Generation of renewable energy (reducing reliance on wood energy)</b>	Electrical energy	Micro-community (or inter-community) hydropower, photo-voltaic power (solar cell installation)
	Other energy	Bio-gas, fuel from agricultural waste
<b>Capacity building and training</b>	Community training	Training on training on biogas, waste management, composting

## Component 2: Inform Policy Processes and Dialogue (USD 0.91 Million)

46. **The GoI’s commitment to transfer 12.7 million hectares of forest lands to Adat and local communities in an effort to resolve issues over access to forest resources, and their pledge to convert 9.2 million hectares from forest to agriculture is considered a unique opportunity for IPLCs.** This has motivated AMAN and partners to augment their support to communities to carry out participatory mapping of Adat land. They have also advanced efforts to consolidate all the land maps they have helped produced and are trying to secure legal acceptance of these maps. Civil society groups report that by early 2016, nearly seven million hectares of indigenous land (of which 6.2 million hectares are recorded as forests) have been mapped in approximately 760 locations in 19 provinces.<sup>5</sup> These indicative indigenous land maps have been submitted, since 2012, to MOEF and the National Geospatial Agency (BIG) for necessary review, verification and steps for inclusion in the government’s One Map registry. As part of the One Map process and in support of mapping community land (including land held by adat communities), civil society groups have persuaded government to work with them on SOPs for participatory mapping of community lands.

47. **In addition to the efforts of AMAN and partners, there are Presidential task forces that have been created to operationalize the government pledges to transfer land.** One of these is the Task Force for Agrarian Reform that is engaging a broad range of stakeholders to determine how to most effectively allocate the 9.2 million hectares of forests to agriculture. Another presidential task force that has been under discussion is the task force focusing on protecting customary land rights. Following the landmark 2013 Constitutional Court ruling recognizing indigenous peoples’ lands as no longer being a part of state forests, an Indigenous People’s Rights Acknowledgment and Protection Bill (PPMHA), which would define indigenous communities and set up procedures to settle customary land disputes, was

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<sup>5</sup> JKPP has been engaged in community land mapping work since 1999 and lead the dialogue with government and serve as the point for dissemination of information within civil society networks. Discussions indicate that about 60 different civil society groups are engaged in participatory land mapping since 2011 adding momentum to the *OneMap* work. In addition, civil society groups have reportedly produced thematic maps covering about 15 million hectares in priority provinces such as Riau, Papua, Kalimantan and Sumatera.

drafted. This Bill, however, has not been ratified, and the task force has not been established. The existing and to be created task forces and other ongoing dialogues on land rights with government ministries and agencies such as BIG and ATR-BPN and MOEF are some of the key platforms in which IPLC should be actively engaged in promoting their perspective.

48. **Another set of policy processes and dialogues that are relevant for IPLC are those on reduced emissions from deforestation and forest degradation (REDD+).** Indonesia has embraced the concept of financial compensation for REDD+ and is participating in a number of REDD+ programs, including that Readiness program of the Forest Carbon Partnership Facility (FCPF) and Bio Carbon Fund Emission Reduction Program (ERP). These programs are to assist the country deliver on its nationally determined commitment to mitigate and adapt to climate change. The programs have, as part of their operationalization, to assist with benefit sharing regimes, community participation in achieving REDD+, and measures for addressing drivers of deforestation such as insecure land tenure. As these programs are developed, there will be opportunities for IPLC to share their perspectives, whether as part of consultations associated with preparation, or dialogues via the National Forest Council (DKN).
49. **This component will focus on strengthening the NSC to engage in policy processes related to REDD+, forest resource management, secure land tenure and improving IPLC's livelihoods.** This component will also build the capacity of the NSC and through the members of the NSC, their associated networks to bring the evidence from the activities supported by the DGM to the various dialogue processes. It will also help the NSC promote greater coordination among various IPLC initiatives that have similar objectives.

#### **Subcomponent 2.1: Strengthen capacity of NSC and other key stakeholders to represent IPLC issues**

50. **This subcomponent will assist in building the capacity of the NSC to understand the priority issues of IPLCs and identify ways of effectively raise these issues to decision-makers in government.** The support will ensure that women representatives in the NSC receive gender sensitive training and an overall effort is made to reduce barriers to women's engagement. The support will cover the development of training materials to build the skills of current and future NSC members to effectively represent issues. The support would also assist with developing an institutional structure that could be independently financed to address IPLC issues at a national level.
51. **Specific capacity building for the NSC will include the following areas:**
- a. National dialogue related to livelihood and tenure issues of relevance to IPLC
  - b. Participate in learning between IPLC communities
  - c. Training for NSC members to support their role in implementing a successful DGMI through:
    - i. obtaining information on priority concerns and presenting these issues in a manner that is compelling to decision makers,
    - ii. building networks, alliances and partnerships with government, donors, other associations and those who may not seem to be conventional allies (based on principles of constructive engagement), and

- iii. engaging in relevant policy processes.

### **Subcomponent 2.2 Identify and support strategic engagement in policy processes and dialogues**

- 52. **There are various ongoing efforts to inform the local and national processes related to decentralized forest management, village development, benefit sharing from REDD+ or other extractive activities (e.g., geothermal energy) and development of One Map in which issues of land rights and livelihoods are important.** Many of these efforts are led by government and involve the participation of CSOs, NGOs, academia, and other relevant groups. Some of these efforts include piloting approaches, dialogues at the national level, and development of subnational action plans and strategies.
- 53. **This subcomponent would provide resources to the NSC and their networks to identify which of these processes are most strategic.** It would also enable the NSC to develop a network map for specific issues to determine who to engage with. Following the identification of the strategic processes to engage in, the subcomponent would assist the NSC to bring together information and evidence from the DGM financed activities to inform these processes. For example, assuming the following emerges as a priority, this subcomponent could support the engagement of the NSC or a group identified by the NSC to engage in the process that BIG is conducting for developing an SOP on data quality. This could entail support to groups that want to provide their mapping data to the Geospatial Agency (BIG) to conduct a data validation test and determine the “level of accuracy” of the data, or to work with BIG to advance efforts to formalize the standard operating procedure on data quality. It could also support engagement with BPN to build their database of situation maps using the maps that have been developed through DGM activities) and make them useful to address issues over land conflicts. The groups could also receive support to bring to the attention of BPN areas with overlapping claims in order to assist BPN to prioritize where they should conduct formal mapping processes.
- 54. **The funding provided by this subcomponent would cover the cost of compiling and packaging the evidence, mobilizing support among different stakeholders.** Allocation of resources will be spread out across the duration of the project, prioritizing immediate areas where groups can inform policy, and reserving resources for expected processes in the near future.

### **Component 3: Project Management and Monitoring and Evaluation (USD 1.38 Million)**

- 55. **The DGM-I, while technically a fairly simple project, is complex because of the array of stakeholders that are involved when one considers land and livelihood issues.** Managing the project implementation and the tracking of performance and lessons learned will need to be robust to ensure timely delivery of the outcomes. The NEA will have a dedicated team of staff that will form a project management unit (PMU) within the NEA. The PMU will oversee project management and monitoring and evaluation.
- 56. **This component will include support for several key aspects of project management.** It will support the M&E mechanism that will engage local communities and inform the

implementation of the project in addition to tracking performance. The monitoring and evaluation system will also contribute to identifying lessons learned and will inform communications and outreach in components 1 and 2. The component will also cover the cost of implementing the grievance redress mechanism and communications and feedback processes to encourage community participation throughout the project.

57. **This component will also build the capacity of the selected CBOs and CSOs.** This will involve training for CBO and CSOs on implementing projects and strengthen the approaches used for knowledge dissemination at the community level, reduction of the gender gap, determination of environmental and social safeguards, and the collection of data to assess the progress of the project, and financial management. To reduce the gender gap, the CBOs and CSOs will be trained to support community committees, working groups, delegations, or other representatives on gender analysis, gender-sensitive programming, and gender-responsive decision-making. Assess regularly their gender competence and hold refresher trainings. The CBOs and CSOs would be expected to conduct these training when implementing subcomponent 1.2 and 1.3.
58. **This component will finance the cost of monitoring compliance with safeguards, M&E, FM and procurement specialists and a project grants management team.** It will finance equipment, office space and travel needed for management and supervision of the project. The component will also finance the coordination of meetings between the NSC and NEA, and meetings that involve the DGM constituents. The latter will be focused on providing updates on the program and activities, and receiving any feedback.

## Annex 2: Implementation Arrangements

### Indonesia: Strengthening Rights and Economies of *Adat* and Local Communities (P156473)

#### Project Institutional and Implementation Arrangements

- 1. A National Steering Committee is established in each FIP pilot country to oversee the DGM implementation in the respective country.** In Indonesia, the NSC was established in June 2014 and is composed of 9 representatives of IPLCs. The process that was carried out for electing the NSC. In Indonesia, this involved the Community Chamber of the National Forestry Council (DKN – Dewan Kehutanan Nasional).
- 2. The DKN facilitated the process of the selection of NSC for DGMI.** In the National Consultations for DGMI held in Bogor on 27 June 2013, it was agreed by all participants, that the NSC of DGMI would consist of nine individuals IPLC representatives, including seven men and women representing IPs and two representatives for indigenous women and local communities. Following this, the DKN conducted seven Regional Meetings for Indigenous Peoples and Local Communities between March and June 2014 in Sumatera, Papua, Kalimantan, Maluku, Java, Sulawesi, Bali-Nusa Tenggara. In addition one National Meeting was held specifically for Indigenous Women and Women Representative from Local Communities.
- 3. The Regional Meetings selected nine NSC Members:** 1). Mr. Deff Tri Hamri (Sumatera Region); 2) Mr. George Weyasu (Papua Region); 3) Mr. Yunus Jefry Ukru (Maluku Region); 4) Ms. Mina Setra (Kalimantan Region); 5) Ms. Tri Indana (Java Region); 6) Mr. Bata Manurun (Sulawesi Region); 7) Mr. Lalu Prima Wiraputera (Bali-Nusa Tenggara Region) and 8) Ms. Surti Handayani (Indigenous Women Representative), and 9) Ms. Debby Rambu Kasuatu (Local Communities Representative). The elected NSC members have invited a representative from the Ministry of Environment and Forestry (MOEF) to be an observer on the NSC to facilitate coordination with other efforts being implemented by the ministry. The World Bank as the lead Multilateral Development Bank (MDB) on the DGM will also have an observer seat at the NSC meetings.
- 4. The NSC will be involved in the selection of proposals from Lead NGOs (discussed below on implementation arrangements) and monitoring overall progress of the projects.** NSC will review and approve the annual work plan of the National Executing Agency (NEA, the role and selection of which is described below). In addition, a representative of the NSC is also expected to participate in the Technical Steering Committee for the FIP financed projects and the Steering Committee of the Forest Investment Program. To the extent possible, a representative of the National Steering Committee will also engage in coordination committees or their equivalents on REDD+ to ensure that DGM lessons are transmitted to ongoing national processes. The NSC will actively seek feedback from the IPLCs on the program, identify needs. An IPLC member of the NSC also participates as member in the Global Steering Committee (the support for which will come from the Global DGM).



5. **The NSC will be assisted by the National Executing Agency (NEA).** In Indonesia, the NEA was identified through a call for proposals and competitive bidding process. The NEA will work in partnership with Civil Society Organizations (CSOs) that will act as a “bridge” between community groups and the NEA, helping community groups and NGOs to conceptualize, carry out and evaluate their initiatives. Through the CSO, the NEA will be in touch with and aware of the challenges and success as perceived by project beneficiaries. The NEA will administer the grant mechanism with at least seven Lead CSOs – one in each region. DGMI will facilitate the processes of Lead CSO selection in each region with close consultation to NSC.
6. **The NEA will be responsible for the day-to-day implementation of the project under the guidance of the NSC, following the NSC approval of their annual work plan.** The NEA will also be responsible ensuring the project is implemented in accordance with the POM, and for all the monitoring and reporting obligations. It will also be responsible for providing semi-annual progress reports on the implementation of the program to the DGM Global Steering Committee.
7. **The specific roles and responsibilities of the NSC, NEA, grantees of subprojects and the World Bank will be further outlines in the POM.** Capacity building for the NEA and the NSC was conducted also during Project preparation and included a south-south exchange. It also included technical support from the World Bank team throughout the preparation process, which will be continued during implementation.

#### **Project administration mechanisms**

8. **The NEA will be fully responsible for project administration.** The NEA will establish a project management unit (PMU) that will be responsible for the day-to-day administration of the project. The PMU will have all the relevant expertise needed for administering the project (e.g., project management, FM, procurement, safeguards, M&E, grievance redress, gender). The PMU will draw on Samdhana fellows, staff and consultants to support technical aspects of supervision missions.
9. **Component 1 activities will be financed through grants following the grant making process described below.** Proposals will be accepted for activities that combine subcomponents 1.1, 1.2 and 1.3 combined or combine subcomponents 1.1 and 1.3. The grants will be multi-year block grants for which proposals would be developed by community based organizations (CBOs) and civil society organizations (CSOs) in partnership with communities or networks of community groups and IP groups.
10. **The proposals will be solicited during the first three years of project activity and it is expected that approximately thirty block grants proposals will be accepted.** Each of the CSOs and CBOs that receive the grants will work with communities.
11. **Over the life of the project, 35 block grants of a maximum size of US\$ 70,000 will support subcomponent 1.2 and 25 block grants of a maximum size of US\$ 45,000 will support**

**subcomponent 1.3.** Each of these thematic block grants will also be accompanied by a block grant for subcomponent 1.1 which will have a maximum value of US\$ 7,600.

**12. The proposal selection mechanism for component 1 includes the following steps and is expected to require six to nine months:**

- a. The NEA will announce a call for proposals in the mass media that is readily accessed in the seven regions
- b. The NSC and NEA will inform potential applicants about the opportunity for receiving support from DGM-I
- c. The NEA will receive and score proposals from the CSOs, CBOs and NGOs interested in working in one or more of the seven regions. The review will be done against the set of criteria listed earlier, and draw up a long list of final candidates
- d. The NEA will share their scoring of proposals and their list of finalists with the NSC
- e. The NSC will review the proposals and the results of the priority list by the NEA
- f. The NSC will send their no objection or proposed revisions to the short-list prepared by the NEA
- g. The NEA will revise the list of priorities taking into account the recommendations of the NSC
- h. The NEA will conduct field visits to validate the proposals and work with the CSOs, CBOs, and NGOs on how they can engage the communities to refine the proposals
- i. The NEA will prepare a grant agreement with the selected CSO, CBO, or NGO. The grant agreement will specify the tranches of payments. The first tranche will cover the costs of community outreach and mobilization. The NEA will also transfer knowledge to the DGM-I grantees during field visits and via coaching-clinics
- j. The CBO/CSO/NGO will revise their proposal and fill all the necessary information.
- k. The NEA will review the revised proposal using the initial set of criteria and a few additional criteria that reflect community ownership of the proposal and feasibility and effectiveness for delivering on the objectives of DGMI. The proposal will be selected for continued support or will be set aside if the organization has not meet the expected standard.
- l. The NSC will provide their no objection to the outcome of the NEA's review of proposals
- m. The NEA will prepare contract documents between DGMI and grantees

**13. The specific detail associated with the various steps captured in the POM.**

**14. Capacity building support for component 2 and support for participation in strategic policy events will implemented by the NEA by procuring relevant consultants and covering the associated cost of participation.** The selection of the events will be done through a prioritization process that involves the NSC and NEA and helps deliver on the project objective.

## **Financial Management, Disbursements and Procurement**

### *Financial Management*

15. **The NEA will be responsible for the financial management aspect of the project.** Additional staff will be recruited to help NEA to perform the task. They will include 2 finance staff who will handle the overall financial management function of the project and 2 additional finance staff who will handle the financial management aspect of the community grants including FM capacity building to CBOs and CSOs.
16. **Budgeting**. The project will follow budget breakdown agreed with the Bank. Annual budgets will be agreed to with the Bank and any variations in budget will be communicated to the Bank and reviewed during supervisions or as needed.
17. **Accounting and Reporting**. The NEA uses Quickbook, a computerized accounting system. The system allows record of transactions based on sources of fund and budget line items. The project fund will be included and integrated into the overall NEA's financial statement. The system also allows to produce the project's detail of transactions within any reporting period. Interim Financial Report will be requested for this operation on a quarterly basis to facilitate monitoring in the format agreed with the Bank. The report should be received at the Bank no later than 45 days after each quarter end. Training will be provided by the Bank during implementation.
18. **Internal Control**. The NEA has in general sufficient internal control in place, including segregation of accounting and finance function and adequate financial guideline in place. The main internal control risks are related to geographically dispersed project locations (across seven regions and in approximately 30 districts) with the low financial management capacity of the community groups. Although the NEA is experienced in managing community grants, the number and value of such grants to be managed is increasing under the project. The POM will include community grant guidelines and will be developed and agreed to with the Bank.
19. **Fund Flow**. Project expenditure will be for community grants, travel, workshop & meeting, consultant, direct operational costs, and indirect operational costs. Payments from the DA will follow the FM manual of the NEA which was deemed to be acceptable during the assessment.
20. **Audit Arrangement**. Project audit will be required annually to the project's financial statements with the audit TOR approved by the Bank. The audit will also cover activities implemented by the community groups. In addition to opinion to the project's financial statement, the audit will also assess the compliance of the project implementation to the related guidelines and also the effective and efficient use of project financing.
21. **Disbursement Arrangement**. The applicable disbursement methods are Advance and Reimbursement. A Designated Account (DA) denominated in IDR will be opened in commercial bank under the NEA's name. The DA will be a segregated account solely used to finance eligible project expenditures. The ceiling of the advance to DA will be variable based on six month projected expenditures. Report of the use of the DA fund and request for additional advance will be based on the quarterly IFR which should be submitted to the Bank no later than 45 days after the end of each quarter and consist of: (i) list of payments for contracts under Bank's prior review and records evidencing such expenditures, or (ii) statement of expenditures (SOEs) for all other expenses; (iii) DA reconciliation statement; (iv) IFR; and (v) projected expenditures for the next six months.
22. **The NEA will be responsible for reconciling the DA and preparing applications for withdrawal of advances and preparing reports on the use of the DA.** All documentation

for the expenditures as reported for disbursements would be retained at the implementing units and shall be made available to the auditors for the annual audit and to the Bank and its representative if requested.

23. **Allocation of Grant Proceed.** The project will have one disbursement category. The single category will finance 100 percent of eligible expenditures consisting of goods, works, consulting services, non-consulting services, training and workshops, incremental operating costs of the project and Community Engagement activities under component 3 of the project, inclusive of taxes.
24. **Financial management action plan.** The agreed actions include the following:
- To develop a POM that includes guidelines for block grant activities. The project operation manual will be agreed with the Bank before any disbursement is made to community groups. All community groups will also receive training from the NEA on financial management before any transfer is made to their account.
  - The NEA will recruit additional staffs to handle the financial management aspect of the project including to monitor the community grant activities. The staff will also responsible to build capacity of the community groups on financial management.

#### *Procurement*

25. **Procurement implementation support will be part of the Bank's regular supervision missions.** The first procurement supervision mission will take place at grant effectiveness and once every six months thereafter. The Bank will conduct supervision mission for the Project every six months, and this will be followed up by the ex-post review of samples of contracts subject to post-review (as indicated in the agreed Procurement Plan), which will be reported in June of every calendar year. The procurement implementation support will include advisory support to Samdhana and hands-on training on procurement arrangement and contract administration for the Project. The procurement plan will be made available by the NEA on the project's website and by the World Bank team on the Bank's external website. The procurement plan would be updated at least once a year or as required to reflect the actual project implementation needs and improvements in institutional capacity.

#### *Environmental and Social (including safeguards)*

26. **The implementation arrangement and mechanism for managing and implementing the ESMF will be embedded in those managing and implementing the overall DGMI activities.** The specific roles and responsibilities of the NSC, NEA, PIs and the World Bank will be further elaborated in the POM.

#### **NEA**

- During proposal selection, the NEA will carry out an initial screening against the negative list and safeguard administrative compliance (i.e. risk identification and proposed

mitigation measures and evidence of broad community support) as part of proposal scoring and provide recommendations for proposal improvement and send to the NSC for review.

- During the validation visit, the NEA and NSC will assess risk levels of the proposed activities, the extent of community participation in proposal development and potential grantees' capacity to implement safeguards. Any follow-up action items will be documented and communicated to potential grantees;
- The NEA will conduct necessary safeguard capacity building (e.g. training, workshop, mentorship, etc.) both during proposal refinement and project implementation. The NEA will provide technical assistance (TA) to project implementers (CSOs/CBOs) to develop necessary safeguard plans and/or to obtain environmental permits (UKL/UPL). To the extent possible, capacity building activities will be tailored to the needs of each CSO/CBO;
- The NEA will provide regular oversight of the ESMF implementation. Field visits by the safeguard team will be conducted based on needs. CSOs/CBOs will report their progress on the ESMF implementation on a periodical basis. Any complaints received must be documented and recorded in the GRM database.

## **NSC**

- The NSC will be responsible to socialize safeguard requirements to their constituents, including ineligible activities, the need for community participation and free, prior and informed consultations for any proposed activity;
- The NSC will review the screening results submitted by the NEA and incorporate their recommendations into the proposal evaluation and scoring;
- The NSC together with the NEA will conduct field verification to ensure fulfillment of safeguard requirements and communicate to their constituents necessary action plans prior to proposal approval;
- The NSC together with the NEA will provide periodic supervision of the ESMF implementation and provide recommendations to the NEA on needed follow-up actions to improve project safeguard performance. Any complaints received must be documented and recorded in the GRM database.

## **Subgrantees (NGOs/CSOs/CBOs)**

- Participating NGOs/CSOs/CBOs conduct necessary due diligence for safeguards including checking the proposed activities against the negative list, ensuring community participation and conducting free, prior, and informed consultations prior and/or during proposal development;
- NGOs/CSOs/CBOs conduct a risk identification exercise for activities proposed and develop measures to mitigate potential risks and promote social inclusion and community participation. Selected CSOs/CBOs under supervision and technical assistance from the NEA, will develop needed safeguard plans and obtain environmental permits as needed.

- Selected NGOs/CSOs/CBOs will conduct supervision for the day-to-day implementation of the ESMF and provide capacity building support (e.g. on-the-job training, mentorship, training, etc.) in the case that communities become project implementers. Any complaints received must be documented and recorded in the GRM database.

### *Monitoring & Evaluation*

27. **During implementation, the NEA will be responsible for overall monitoring of the DGMI.** The NEA already has a web-based monitoring tools that track inputs and outputs of various projects under NEA management. An assessment of this tools showed that these tools are adequate to monitor grants related activities such as budget, number of beneficiaries, timeline and key activities. However, the tools need to be adjusted/tailored further to track some key indicators agreed in the Results Framework (such as number of participants in policy dialogue and community planning forum). The web-based monitoring platform will be made accessible to all participating communities in order to ensure transparency and to allow for community monitoring and check and balances. When possible, this platform will also be linked with complaint handling system for easy tracking of all project indicators. In addition, since the project's M&E will also be used for learning and capacity building purposes for the NSC, participating CSOs and IPLCs, NEA will work together with the World Bank to develop community monitoring mechanism that take into account various experiences from PNPM and other community-based projects such as KIAT Guru. The data and various reports collected/produced by the project will be shared with community during the quarterly community meetings to allow for feedback from community.
28. **In close collaboration with the World Bank and the NSC, the NEA will establish a monitoring and evaluation plan based on the indicators established in the Results Framework and progress will be tracked against these indicators during implementation.** The executing agreements with the sub-project implementing agencies will also include the Project indicators relevant to the activities to be financed. NEA will also ensure other relevant inputs indicators (such as number and amount of block grants, number of workshops/meetings conducted and number of participants by gender) are tracked and included in the web-based monitoring platform.
29. **The monitoring and evaluation plan will include at least two formal evaluations during the Project execution period (including a Mid-Term Review) to track some of the indicators in the Results Framework and derive lessons-learned from implementation processes.** If additional budget can be secured, independent beneficiary survey will be conducted to verify data and obtain beneficiaries' view/experience of the project. The overall evaluation plans will be outlined in the Project's OM. The NEA will also be responsible for providing regular progress updates to the NSC and participating in implementation support missions to be undertaken by the World Bank and the NSC up to two times per year where progress relating to the indicators will be reviewed (up to three during the first year of implementation). A final evaluation will assess the achievement of indicators, sustainability of results and identify lessons learned that can be shared with similar projects as well as part of the larger DGM learning component.

30. **The NSC will work together with the NEA in monitoring progress on reaching the gender target and ensuring adequate communication, outreach and community consultation.**

### **Annex 3: Implementation Support Plan**

#### **INDONESIA: Strengthening Rights and Economies of *Adat* and Local Communities (P156473)**

##### **Strategy and Approach for Implementation Support**

- 1. The strategy for Implementation Support has been developed based on the nature of the project and its risk profile.** The aim is to provide timely and efficient implementation support to the NEA to ensure smooth implementation and achievement of the PDO.
- 2. Coordination with other Bank financed projects, including the Forest Investment Program (FIP) financed project, One-Map project, and other activities associated with the landscape program will focus on integrating outputs and activities associated with the DGMI with these projects.** The purpose will be to assist with scaling up the activities of project in a manner that is more systematic and coordinated with national efforts. For example, effort will be made to locate activities focused on improving economic well-being of IPLC in communities where there also is support from the FIP financed project. This would allow the proposed activity in the DGMI to leverage investments and technical assistance from the FIP financed project
- 3. Safeguards.** Safeguards implementation support will be part of the regular implementation support. Specifically, implementation support will include: (a) advisory support on application of safeguards instruments developed during Project preparation, specifically the ESMF and (b) review of detailed implementation of various Project activities to ensure their compliance with the Bank safeguards policies.
- 4. Monitoring and Evaluation.** M&E implementation support will be part of regular implementation support. The support will include: advisory support on the implementation of the M&E approach in the project.
- 5. Financial Management.** Risk-based FM implementation support will be performed. This will involve desk supervision including review of IFRs and audit reports, and two implementation support mission in one year. Training on FM aspect of the project will also be given to FM staffs within PMU, and as needed the CSOs and CBOs, during the first year and when it is deemed necessary. The Financial Management implementation support mission's objectives will include ensuring that strong FM systems are maintained throughout project tenure and are adequate to provide, with reasonable assurance, accurate and timely information of the grant required by the Bank
- 6. Procurement.** Procurement implementation support will be part of the Bank's regular implementation support mission. In addition to the support provided during the Bank supervision missions for the Project, which will be conducted at least every six months, there will be assistance to conduct the necessary procurement processes and ex-post review of samples of contracts subject to post-review (as indicated in the agreed Procurement Plan), which will be reported in June of every calendar year. The procurement implementation



support will include advisory support to the NEA and CSOs and CBOs, and hands-on training on procurement arrangement and contract administration for the Project.

7. **Legal Support.** Implementation support will include verification that the legal conditions associated with the grant agreements have been met, to the extent that these are included.

### Implementation Support Plan

8. **Technical inputs.** Technical inputs will be provided by Technical Specialists (including safeguards and M&E) and the task team leaders. Technical specialists on the following aspects will be part of the team: land rights and land use planning, community-based natural resource management, community driven development mechanisms, rural development (with an understanding of these processes in *Adat* communities), and, when needed, Indonesia’s village law. The team will also use the services of an Operations Officer as needed. Technical specialists will be part of formal supervision and field visits, to be carried out at least twice a year. The table below provides an indication of the level of support that will be available during the first twelve months and an indication of the level of support available after twelve months.
9. **Fiduciary requirements and inputs.** Due to the capacity of the executing agency, the fiduciary aspects will require close supervision. As such, the Project will receive supervision support from a FM analyst and procurement analyst with experience in the implementation of similar projects.
10. **Safeguards.** Due to the nature of the investments, the Project will require close safeguards supervision due to the high visibility of environmental and social aspects of REDD+. As such, the Project will receive supervision support from three safeguards specialists with experience in the implementation of similar projects.

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Guidance on institutional arrangements and project supervision	Task Team Leaders	12 staff weeks	n.a.
	Procurement Training and Supervision	Procurement Specialist	4 staff weeks	n.a.
	FM Training and Supervision and Disbursement arrangements	Finance Officer	2 staff week	n.a.
	M&E arrangements	M&E Specialist	4 staff weeks	n.a.
	Safeguards supervision / environmental safeguards	Environmental Safeguards Specialist	4 staff weeks	n.a.
	Safeguards supervision / social safeguards	Social Safeguards Specialist	6 staff weeks	n.a.

<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>	<b>Resource Estimate</b>	<b>Partner Role</b>
	Technical supervision: technical aspects / land rights and participatory mapping	Land rights/Land use planning specialist	4 staff weeks	n.a
	Technical supervision: community investment planning (with understanding of indigenous peoples)	Rural Development Specialist / IP specialist	4 staff weeks	n.a
	Technical supervision: Village law	Social Specialist	2 staff weeks	n.a
	Technical supervision: institutional and implementation arrangements	Operations Officer	4 staff weeks	n.a
<b>12–48 months</b>	Project implementation supervision	Task Team Leaders	12 staff weeks	n.a.
	Financial Management supervision and disbursement monitoring	FM Specialist	8 staff weeks	n.a.
	Procurement supervision	Procurement Specialist	8 staff weeks	n.a.
	M&E implementation support	M&E Specialist	8 staff weeks	n.a
	Safeguards monitoring / environmental safeguards	Senior Environmental Safeguards Specialist	8 staff weeks	n.a
	Safeguards monitoring / social safeguards	Social Safeguards Specialist	8 staff weeks	n.a
	Technical supervision: technical aspects / land rights and participatory mapping	Senior Land Specialist	6 staff weeks	n.a
	Technical supervision: community investment planning (with understanding of indigenous peoples)	Senior Natural Resource Economist (or Lead Economist) with background in agriculture	6 staff weeks	n.a
	Technical supervision: Village law	Sr. Social Specialist	4 staff weeks	n.a
	Technical supervision: institutional and implementation arrangements	Operations Officer	6 staff weeks	n.a

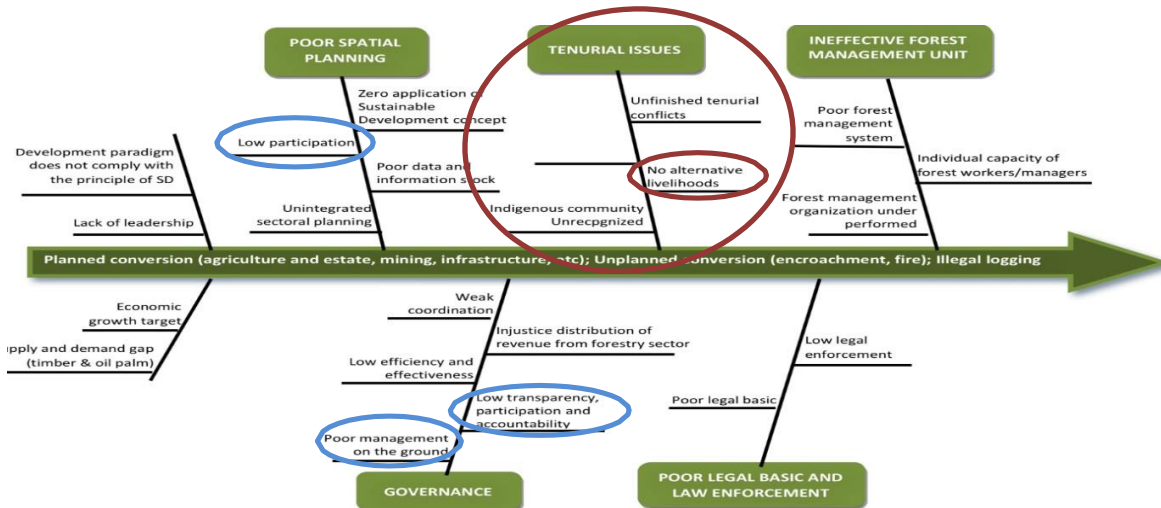
*Skills Mix Required - Bank Team*

<b>Skills Needed</b>	<b>Number of Staff Weeks</b>	<b>Number of Trips</b>	<b>Comments</b>
Task Team Leaders	4-8 staff weeks annually	At least two missions per year	HQ-based
FM Specialist	2-4 staff weeks annually	Site visits as needed	CO-based
Procurement Specialist	2-4 staff weeks annually	Site visits as needed	CO-based
Environmental Safeguards Specialist	2-4 staff weeks annually	At least one mission per year	CO-based
Social Safeguards Specialist	6-8 staff weeks annually	Site visits as needed	CO-based
Technical aspects / land rights and participatory mapping	2-4 staff weeks annually	At least two mission per year	HQ-based
Technical aspects / Community investment planning	2-4 staff weeks annually	At least two missions per year	HQ-based
Technical aspects / Village law	2-4 staff weeks annually	At least one mission per year	CO-based
Technical aspects / Operations	2-4 staff weeks annually	At least one mission per year	HQ or CO-based

## Annex 4: Financial and Economic Analysis

### Indonesia: Strengthening Rights and Economies of *Adat* and Local Communities (P156473)

1. **The cost to society of unsustainable management of forest lands was most apparent when considering the negative externalities created by forest fire in Indonesia in 2015.** The estimated impact on the national economy of the 2015 fires – USD 16 billion - underscores how weak institutions and unsustainable management of the natural assets and land can compound the impact of weather patterns such as *El Nino*. These costs are often disproportionately borne by the poor and less wealthy households living in or downwind from the provinces where forest fires are occurring. While the impacts of poor forest management are evident in the context of a fire, Poor and unsustainable management also has ramifications for other regulatory and provisioning ecosystem services like reduction of soil erosion, carbon sequestration, biodiversity habitat and provision of wood and non-wood products.
2. **One of the underlying drivers for forest degradation and deforestation, as identified in the national REDD+ strategy is tenurial issues and, as part of this key issue, lack of alternative livelihoods (see red circles in the figure below).** The increasing demand for land for agricultural plantations (e.g., for palm oil) and the weak recognition of local land rights have resulted in widespread land conflicts in Indonesia. In 2014, 60% of civil legal cases were regarding land conflicts. The ineffective systems for conflict resolution for these disagreements result in persistent land conflicts. Some of the unclear tenure issues also cause low participation of key stakeholders in spatial planning processes and result in weak governance as manifested in poor management on the ground (see blue circles in the figure below).



3. **Expansion in commercial production of timber and non-timber forest products (NTFP) has often further marginalized IPLC women.** Commercial forestry has negatively impacted IPLC women through limiting access to food formerly collected in forests, increasing the time required to collect firewood and water. With the loss in access to land and forests, women often face difficulties finding more formal employment, and become economically dependent on the wages of male household members – with a worsening of their social status and traditional

roles. The DGM-I recognizes these potential negative consequences and maintains a gender focus to identify impactful and economically viable livelihood options for women.

4. **The DGM-I, nested within the broader Indonesia FIP program and the Sustainable Landscape Management Program**, supports activities aimed at addressing tenure issues and improving forest dependent households' livelihoods. The project focuses on the capacity building and technical assistance needed to help clarify tenure over forest and land assets and to identify and obtain technical and financial support for priority interventions aimed at improving livelihoods.
5. **The project is expected to generate several co-benefits, as a result of greater tenure security.** A few of the co-benefits of building local stakeholders capacity to achieve tenure security include greater user confidence to invest in sustainable forest and land use management. Co-benefits from the project are expected to also include improved benefit sharing arrangements and greater ability to the IPLC to safeguard their rights and resources. The provision of formal recognition of rights and better organization of local communities, are expected to also reduce land conflicts. The latter is mentioned, while acknowledging that there are cases in Indonesia, where communities with titles have not received the legal backing for their land ownership. The project, overall, is also expected to reinforce the positive trend of gaining tenure security and at the same time help IPLC governance, organization and capacity building.
6. **The project design for the sub-component on improving access to livelihood services will assist with sustainable practices that combine short- and long-term benefits.** The project supports community level no-regret interventions that align with IPLC's priorities when it comes to natural resource based livelihood support. In the short-term, these activities provide direct and indirect benefits such as increased income from the sale of non-wood or wood products, greater access to sustainable energy, capacity building. These same interventions, over the long-term, can help reduce GHG emissions from conversion of forest lands. These interventions are also justified from a socioeconomic perspective because the activities empower communities to manage and regenerate forest areas for harvesting timber and non-timber forest products (NTFPs), can result in the establishment of cooperatives that are capable of managing business operations from technical forest to marketing, and exploring the potential for conservation projects and eco-tourism, and the formation of partnerships with KPHs. There are also socioeconomic co-benefits from addressing the imbalance that have plagued IPLC development in the past (e.g., limited access to public services, financing, and so on). There are also environmental justifications for these interventions, independent of climate change considerations, because of the range of regulatory ecosystem services forests provide – including improved habitat for biodiversity, reduction in soil erosion, and so on.
7. **The Bank has relevant experience in Indonesia with CDD projects including PNPM Green and PNPM Peduli implemented by vulnerable rural communities.** Based on these prior experiences, the benefits of this project are anticipated to be cost-effective. The final evaluation for PNPM Green found that active sub-projects generated positive results in terms of economic viability. The result is a function of the increased direct household income from selling products related to the sub-projects, and savings related to reductions in expenditure.

The PNPM Green subprojects and activities (which include subprojects and activities on mangroves) generated significant benefits related to restoration and enhancement of natural assets (environment and natural resources), and improved ecosystem services. With the maturing of trees, it was expected that several of the benefits will continue to be maintained, and in some cases will increase because of the improved erosion control and improvements in soil fertility that resulted from the investments. In PNPM Peduli, the economic analysis assumed certain marginal benefits from access to services, economic livelihood and social justice areas, the Net Present Value and Internal Rate of Return were estimated for two different scenarios for a 10-year investment horizon. The assumptions regarding beneficiary characteristics and income levels were based on the main project, PNPM Project beneficiaries. The optimistic case, with higher rates for income increases, resulted in an internal rate of return (IRR) of 17.3 percent and the more "reasonable" income increases produced an IRR of 7.8 percent. In comparison, the annual discount rates in Indonesia at the time were over 10 percent.

8. **The demand-driven nature of the project makes it difficult to conduct a conventional cost-benefit analysis for this project because project investments are not known.** Noting this, a detailed ex-ante cost-benefit analysis is not conducted, because it would require numerous assumptions and would resulting weak results that are not necessarily very meaningful. Instead analyses will be conducted for the activities that are completed prior to the mid-point of project implementation and at completion.