

INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The National Medium-Term Development Plan (RPJMN) 2010–2014, which is part of the Long-term National Development Plan 2005–2025, aims at more inclusive growth with an annual economic growth of 6.3%–7% and reducing poverty rate to 8%–10% by the end of 2014. The plan is supported by a strategy of pro-poor, pro-job, pro-growth, and pro-environment development and prioritizes sustainable policies for environment and climate change. ADB’s Indonesia Country Partnership Strategy (CPS) 2012-2014 is closely aligned with the government’s RPJMN and states that more than half the population lives on less than \$2 a day and is vulnerable to adverse shocks including climate change. Majority (63%) of the poor lives in rural areas including forests. Poverty is an important issue for the 4.25 million people living in West Kalimantan with the average annual income \$627 and HDI at 0.691 which is lower than the national HDI.^a Eighty-two percent of the province’s population live in rural hinterlands which, among other others, comprise the forest sector where 50% of the province’s GDP of \$2.9 million comes from.^b Mounting evidence suggests that poverty—and poverty in rural areas in particular—can be reduced only by sustainably managing the natural resources that both generate income and provide environmental services.

Inclusive economic growth and climate change mitigation lie at the intersection of RPJMN’s priority areas and ADB’s Strategy 2020. Specifically, the CPS comprises two pillars – inclusive growth, and environmental sustainability with climate change mitigation and adaptation. The project directly addresses both pillars as it will support the government in implementing community-focused investments to reduce deforestation and forest degradation in West Kalimantan. The project’s interventions will directly reduce greenhouse gas emissions and enhance income and livelihood of forest communities. Furthermore, the community forestry approach is seen as a central piece of social development and poverty alleviation strategies in forested regions and is a foundation of Indonesia’s national REDD+ strategy.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project will focus on piloting community-based REDD+ investments in West Kalimantan province, which has high poverty incidence rate. However, as the project is not significantly addressing constraints that are responsible for the poverty in the area, the project is classified as a general intervention.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The primary beneficiaries are local forest communities, including women and Indigenous Peoples, in West Kalimantan. Such communities make up 63% of West Kalimantan; many of them are poor with the average daily income at \$1.71.^c As with any typical forest investment, the beneficiaries can be classified into: (i) forest dwellers including Indigenous Peoples such as the Dayak who make up 33.8% of the provincial population of 4.4 million and (ii) forest-dependent groups including those who rely on forest products for agricultural production. Constraints to these groups partaking with project benefits include (i) information asymmetry and unequal bargaining position leading to elite capture of REDD+ benefits, (ii) lack of formal rights that prohibit people from participating in project activities, and (iii) restriction of access to forests.^d The project’s engagement with trans-migrant and indigenous Dayak communities will ensure their participation and voice in the project design and improve the outcome. During due diligence, the PPTA team will identify concerns and needs specific to various community stakeholders (including poor and the socially excluded) to further improve project design features.

2. Impact channels and expected systematic changes.

The above constraints will be addressed through participatory planning with forest communities, improvement in natural resources governance, better access to livelihoods skill improvement, clearer land tenure, and law enforcement in protecting the rights of *Indigenous Peoples*. The project will build on and take into account lessons learned from ongoing provincial REDD+ initiatives including those for forest tenure and benefit sharing. The project will also promote free and prior informed consultation and social safeguards which are integral to REDD+.

3. Focus of (and resources allocated in) for due diligence.

A PPTA with a budget of \$500,000 is provided for conducting due diligence and preparing appropriate documents and plans. The PPTA team will include REDD+ specialists, social safeguards specialists, communication specialist, community development and stakeholder engagement specialist, and environmental specialists. These specialists

will review aspects relating to poverty and employment impacts disaggregated by gender, carry out due diligence including outstanding land tenure/rights issues, and environmental impact assessments. The team will develop an inventory of potential losses through social economic surveys and engage in consultation with local communities, provincial and national government agencies and stakeholders, and assist ADB to perform the requisite public disclosure activities. Culturally appropriate stakeholder participation methods including grievance redress mechanisms will also be employed to ensure meaningful participation especially of the Dayak. An analysis of social risks including potential loss of access to forests and elite capture of benefits will be done. Consultation will be an integral part of the design process during the PPTA (a collaborative process) and is not merely an activity for confirming or discussing the project design. Consultant firm should be able to demonstrate clear evidence of its experience in participatory planning with diverse stakeholders.

4. Specific analysis for policy-based lending.

Not applicable

II. GENDER AND DEVELOPMENT

1. Key Gender Issues.

Women are substantially involved in the forestry subsector but they continue to be nominal stakeholders in the decision making and planning of decentralized and local forestry programs in Indonesia. Depletion of forest resources often severely increases women's labor. Access rights to trees and forests by men and women are often limited by confusion in West Kalimantan, or lack of clarity between formal and local customary rights. The lack of visibility of women's employment in forest industry data suggests the likelihood of poorer working conditions and lower remuneration. The entrepreneurship of local women in REDD+ activities may be constrained by centralized ownership, cultural norms, and poor access to extension, training, credit, and markets.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No

Access to skills, capital and other social services will increase livelihood opportunities for women. A gender action plan will be prepared and specific opportunities for narrowing gender disparities, and for enhancing voices and rights of women will be examined.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

Awareness raising of REDD+ opportunities among trans-migrant and Dayak women will reduce gender inequality and empower them. Gender training related to forest resource management will be offered to all stakeholders, especially local government officials.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Main stakeholders and how they will participate:

Local communities especially Indigenous Peoples and trans-migrant communities, civil society organizations, private sector representatives, district, provincial and national government officials will participate in meetings to be held during project design and implementation.

2. How can the project contribute to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups?

Participatory bottom-up planning with communities and interest groups, and other methods (FPIC) will be undertaken during project design and implementation. Community development specialist together with communication/participation specialist will support this process.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

Information generation and sharing Consultation Collaboration Partnership

Civil society organizations will be engaged to support community planning and project design in close cooperation with the local government.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

During project preparation, participation of the poor and excluded is essential in discussions on issues such as grievance redress mechanisms and benefits sharing. The project will ensure an inclusive and participatory approach which ensures the inputs of the poor are integrated in the project design.

IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No PPTA will examine potential temporary loss of access to livelihood opportunities or economic assets, and restriction to access and use of forest by local forest communities, if any, and recommend measures to minimize such losses.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <input type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p> <p>B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The project has potential to positively affect livelihood systems of Indigenous Peoples.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will not trigger any of the three conditions that require broad community support as per ADB's SPS, but broad community support will be sought as per REDD+ guidelines.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input checked="" type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None Project will be designed to enable effective IP participation and involvement, and to ensure maximum project benefits accrue to them.</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input checked="" type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input checked="" type="checkbox"/> Creating internal social conflicts <input checked="" type="checkbox"/> Others, please specify: <u>land tenure conflicts</u></p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Opportunities for enhancing benefits from ecotourism and for reducing exposure to areas prone to natural disasters will be explored. Improved clarification of land tenure issues in the project areas is expected to reduce tenure conflicts. Meaningful and effective communication and participation of stakeholders particularly masyarakat adat, interest groups and local government is expected to address social issues and risks.</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation and consultation dimensions, (iv) social safeguards particularly IP issues, and (vi) other social risks. Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social safeguards and/or gender analysis, and participation plan during the PPTA or due diligence? 37 person months of consultants and about \$70,000 for surveys and workshops. SEER/SERD social environment safeguards, gender and participation specialist will monitor the consultants' inputs. Additional travel budget might be needed to support the SEER/SERD specialist engagement.</p>

^a Governors' Climate and Forests Task Force. <http://www.gcftaskforce-database.org/StateOverview/WestKalimantan>

^b Ibid.

^c Ibid.

^d Michie, Kathryn. "Nongovernment Organization Role in Strengthening REDD+ Safeguards." Presentation at the Country Safeguard Systems Regional Workshop, 18-19 April 2012, Asian Development Bank Headquarters, Manila.

^e Governors' Climate and Forests Task Force. <http://www.gcftaskforce-database.org/ReddImplementation/WestKalimantan>