



Indonesia: DSNG Climate-Resilient Community-Based Agroforestry Value Chain Project

Project Name	DSNG Climate-Resilient Community-Based Agroforestry Value Chain Project				
Project Number	56221-001				
Borrower / Company	PT Dharma Satya Nusantara Tbk				
Country / Economy	Indonesia				
Location	Nation-wide				
Type or Modality of Assistance	4287	Loan	Ordinary capital resources	USD 15.00 million	Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Private sector development				
Sector / Subsector	Agriculture, natural resources and rural development / Forestry				
Gender Equity and Mainstreaming	Effective gender mainstreaming				
Responsible ADB Department	Private Sector Operations Department				
Responsible ADB Division	Office of the Director General, PSOD				
Responsible ADB Officer	Donges, Carine Sophie				
Project Sponsor(s)					
Description	ADB loan will support the expansion of DSNG wood panel facility in Temanggung, from 9,000 cubic meters to 12,000 m3 per month capacity. Proceeds from the ADB loan will finance capital expenditure, including machinery and equipment enabling greater energy efficiency and water conservation, and associated working capital needs, including the sourcing of timber from local farmers.				
Objectives and Scope	The project will finance capital expenditure related to the expansion of DSNG's timber processing plant in Temanggung, Central Java, and incremental working capital needs. Increased production of wood products will provide economic opportunities to rural communities in Java, including creating more than 260 factory jobs and the sourcing of logs from an estimated additional 360 timber farmers. It will promote cultivation of sengon (<i>Albizia chinensis</i>) and jabon (<i>Neolamarckia cadamba</i>) in climate-resilient agroforestry intercropping systems in Indonesia. Through procurement from agroforestry, the project will encourage forest and biodiversity conservation. The project will also support gender inclusion. It is fully aligned with the Government of Indonesia's social forestry program and its goals of reducing poverty, improving community welfare, protecting forests from degradation, and improving land conservation. Social forestry is identified as a priority area for climate adaptation in Indonesia's nationally determined contributions under the Paris Agreement. ³ The TA will focus on building climate-resilient farming practices and the financial literacy of 4,000 farmers, of which at least 1,200 are women.				
Linkage to Country/Regional Strategy	The project is aligned with ADB's Strategy 2030, which calls for ADB to (i) scale up its financing for agribusiness, (ii) promote gender equality in at least 75% of its committed operations by 2030, and (iii) build climate and disaster resilience and enhance environmental sustainability. ²² The project is aligned with operational priority (OP) 1 of Strategy 2030 (addressing remaining poverty and reducing inequalities) through job creation. The project will support OP 2 (accelerating progress in gender equality), which seeks to support agribusiness value chains whereby women's work opportunities will be enhanced in higher value-generating activities. The project is aligned with OP 3 (tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability) through its support for climate-resilient agricultural production. The project is also aligned with OP 5 (promoting rural development and food security), which calls for (i) improving rural services, attracting private sector investments; (ii) improving farmer profitability; and (iii) enabling ADB's nonsovereign operations to provide direct support to agribusiness clients, including those engaged in climate-smart agriculture and sustainable forestry. Finally, the project is fully aligned with ADB's country partnership strategy for Indonesia, 2020-2024, which advocates strengthening resilience and prioritizes private investment and innovative financing, gender equality and socially inclusive approaches, and local and regional economic development. ²³ The project is aligned with the agribusiness strategy of the Operational Plan for Private Sector Operations, 2019 to 2024, which aims to promote climate-resilient and more environmentally sustainable business models. The project is aligned with ADB's Policy on Forestry, which calls for promoting the integration of forestry with other productive land uses, including small-scale forestry and agroforestry.				
Safeguard Categories					
Environment			B		
Involuntary Resettlement			C		
Indigenous Peoples			C		
Summary of Environmental and Social Aspects					
Environmental Aspects		ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as category B for environment.			
Involuntary Resettlement		ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as category C for involuntary resettlement.			
Indigenous Peoples		ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as category C for indigenous peoples.			

Timetable for assistance design, processing and implementation

Concept Clearance	-
Credit Committee Meeting	-
Approval	16 Dec 2022
Last PDS Update	20 Dec 2022

Project Page	https://www.adb.org/projects/56221-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=56221-001
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