# INTEGRATED SAFEGUARDS DATA SHEET
# APPRAISAL STAGE

**Report No.: ISDSA13100**

**Date ISDS Prepared/Updated:** 10-Sep-2015

**Date ISDS Approved/Disclosed:** 14-Sep-2015

## I. BASIC INFORMATION

### 1. Basic Project Data

| | | | |
|---|---|---|---|
| **Country:** | Indonesia | **Project ID:** | P144269 |
| **Project Name:** | PROMOTING SUSTAINABLE CBNRM AND INSTITUTIONAL DEVELOPMENT (P144269) | | |
| **Task Team Leader(s):** | Diji Chandrasekharan Behr | | |
| **Estimated Appraisal Date:** | 21-Sep-2015 | **Estimated Board Date:** | 08-Dec-2015 |
| **Managing Unit:** | GEN02 | **Lending Instrument:** | Specific Investment Loan |
| **Sector(s):** | Forestry (100%) | | |
| **Theme(s):** | Other human development (20%), Other environment and natural resources management (60%), Participation and civic engagement (20%) | | |
| **Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?** | | | No |
| **Financing (In USD Million)** | | | |
| Total Project Cost: | 23.50 | Total Bank Financing: | 0.00 |
| Financing Gap: | 0.50 | | |

| Financing Source | Amount |
|---|---|
| Borrower | 0.00 |
| Strategic Climate Fund Grant | 17.00 |
| DENMARK  Danish Intl. Dev. Assistance (DANIDA) | 6.00 |
| Total | 23.00 |

| | |
|---|---|
| **Environmental Category:** | B - Partial Assessment |
| **Is this a Repeater project?** | No |

### 2. Project Development Objective(s)

The project development objective is to build institutions and local capacity to enhance partnerships and improve the decentralized management of forests

### 3. Project Description

The project supports and strengthens the national effort to decentralize forest management through the operationalization of KPHs. The project focuses on three elements – the national and subnational legal, policy and institutional context, capacity building for all relevant stakeholders, and learning from implementation of forest management planning and practice in 10 KPHs areas. The project will help create the enabling environment and generate insights and lessons for scaling up the operationalization of KPHs.

Component 1: Strengthen legislation, policy, and institutional capacity in decentralized forest management
Operationalization of KPHs has been constrained by unclear and conflicting laws and regulations, lack of consistent information, and limited ownership of the approach. This component address these constraints by (i) building the ownership and commitment to the KPH program, (ii) assisting with drafting revisions and amendments of forest sector policy and legislation, clarifying KPH implementation requirements, and (iii) facilitating the institutional partnerships and capacity building of government entities.

Subcomponent 1.1: Forest policy and legislation development, revision and amendment
This subcomponent will provide technical assistance to local government and technical units, facilitate dialogue among key ministries and with stakeholders, and implement an awareness-raising and commitment-building communication campaign in order to build political will and support for KPHs. The aim is to develop a broad consensus amongst government institutions, and subsequently non-government stakeholders, on how to effectively support the operationalization of KPHs, the gazettement of KPH forest boundaries in a manner that recognizes different claims and rights to forest lands, and enforcement of KPHs' participatory forest land use plans. This will be augmented with technical assistance to draft necessary policies and legislations. The activities will involve working with the relevant DGs in MOEF and ministries, and subnational government entities to augment their involvement, facilitate coordination, and provide necessary technical assistance, including to draft amendments to regulations that are unclear or contradictory with respect to roles, responsibilities and procedures. Technical assistance will also be provided to develop methodologies and standard operating procedures (SOPs) for engaging with local communities, Adat community, and local governments.

Subcomponent 1.2: Institutional development and capacity building.
This subcomponent will help build needed capacity in MOEF, other relevant ministries, local government/Dinas and head of KPH. The activity will start by assessing capacity gaps. It is anticipated that the capacity needs will be in participatory mapping, gazettement and land use planning, stakeholder engagement, conflict mediation, development of forest management plans and facilitating inter-ministerial dialogues, and managing personnel. The capacity building on spatial planning will focus on mainstreaming KPH area planning in local government spatial planning processes (RTRWP/K) including the regional development planning (RPJMD) process. Support will be provided to MOEF's Center for Education and Training (PUSDIKLAT) to build the needed capacity. Support will also be provided to develop needed methodologies and guidelines for use at the subnational level and by KPHs. The funds will primarily support consultancies.

Component 2: Knowledge Platform Development
Decentralized forest management will require a range of supporting information, institutional, policy, and investment activities. This component addresses the need to build capacity of a broad range of

stakeholders and put in place an effective modern knowledge platform that facilitates information use and knowledge exchange and learning from practice.

Subcomponent 2.1: Knowledge Management and Information System (KMIS)
This subcomponent will involve establishing a multi-level KMIS that is accessible to national and subnational government and non-government stakeholders, and local communities. The activities will include making available electronically existing information on socioeconomic, institutional, biophysical and environmental parameters including legacy data and information that is only available in hardcopies of relevant reports, and as necessary digitizing maps. In addition the KMIS will support mechanisms to develop a range of knowledge products (e.g. Atlases, Status reports), online services, portals and Apps that will facilitate the use of data and information as well as accessing knowledge. The online services would include services for generating maps and other relevant visualizations to support spatial planning, service delivery, and benchmarking. The overall system will build on existing systems in MOEF, and also be established in a manner that makes it usable at the national, subnational (province and district), and KPH level. The funds for this subcomponent will primarily cover the cost of the associated consultancies the cost of works associated with refurbishing existing office space at the national and subnational level to accommodate a knowledge resource center.

Subcomponent 2.2: Capacity-building and Knowledge Exchange
This subcomponent will make available several effective and affordable online capacity building and knowledge exchange services through helpdesk services, clinics, forums, training activities including e-learning/ distance learning, and competitions. The types of capacity building exercises will include curriculum development, e-learning, face-to-face training (e.g. training of trainers courses), change management activities, internships/visiting experts, forums, and support for specialized training. Professional development will also be facilitated through membership to professional organizations, events, virtual networking, and access to professional publications.   This subcomponent will also facilitate competitive collaboration including an innovation and technology marketplace, Appathons and other events that will also involve academia, CSOs, and local communities. This subcomponent will largely support consultancies and training.

Component 3:  Improve forest management practices in 10 KPH areas
This component supports 10 KPH facing challenges in becoming operational, specifically with respect to institutional capacity, supporting communities, and sustainable utilization of forest products (timber and non-timber). The selection of the 10 KPHs will be done through a systematic screening process that captures key criteria ranging from readiness to representativeness to carbon sequestration potential (see Annex 2). The support provided by the project funds will complement the funding KPHs are expected to receive from the national and regional sources of financing. The activities in this component will, where appropriate, coordinate with efforts being carried out with the Dedicated Grant Mechanism (DGM) for Indonesia on mapping rights and supporting local communities.

Subcomponent 3.1: Advance KPH Operationalization
KPHs are responsible for carrying out functions spanning from super vising existing concessions to directly manage certain forest areas where there are no other licenses, to develop partnerships with private entities and communities to manage such areas and to generate their own revenue.  This subcomponent provides technical assistance to 10 KPHs to advance their operationalization. The assistance will be on, inter alia, legal issues, preparation of management plans, conflict mediation, communication and outreach, legal recognition as an institution, establishing partnerships, drafting

and implementing business plans, and securing financing.

Subcomponent 3.2: Community empowerment in 10 KPH areas.
This subcomponent will provide support to the same 10 KPHs to implement community level activities to enable the local communities to generate monetary and non-monetary benefits from activities identified during the forest management planning process. The support will help convert community empowerment aspirations specified in the plans to reality while working with the initial conditions in the 10 KPHs. The menu of activities associated with this subcomponent will range from support for processes (e.g., mapping of land claims) to support for sustainable management and utilization of forest resources (e.g., value addition to non-timber forest products).

Subcomponent 3.3: KPH-Based Knowledge Exchange Centers
A subset of the 10 KPHs will be selected based on specific criteria to become living knowledge resource centers for other KPHs in the region. Currently a couple of well performing KPHs, as part of their business model, provide training to other KPHs. This model will be adapted and replicated through the activities in this subcomponent. In addition, KPHs wishing to receive training from these resource centers will be eligible to do so by applying for financial support through component 2. The resources associated with this subcomponent will include some goods, works (refurbishing existing office spaces and small buildings) and consultancy services.

Component 4: Project Management, Monitoring and Reporting
This component will support project management and oversight, and implementation of the project monitoring and reporting system. The activities to be financed include project coordination, financial management, procurement management, equipment and supplies, and monitoring and evaluation (M&E). The M&E system will measure progress on the indicators that are provided in the Results Framework and on the overall FIP program's carbon benefit target.

Progress towards achievement of the project development objectives, outputs, outcomes, and impacts will be measured through the project's M&E system. This will measure progress on the indicators that are provided in the Results Framework (Annex 1) and on the overall FIP program's carbon benefit target. The PMU will be responsible for the implementation of the M&E system, including the finalization of indicator baselines and targets. Program performance and results will be reported to the World Bank during supervision missions and to the FIP Steering Committee. Besides providing feedback on the FIP program, the M&E system will be an important vehicle for scaling up the program's impact as it will be integrated into Component 2, with the aim of strengthening national KPH standards and policies. The main components of the M&E system are an annual household survey for measuring the program's impacts on beneficiaries, a tool for measuring client satisfaction, and the analysis of land use change within the ten KPHs.

 **4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

There will be field level activities in 10 KPHs. There will be three types of support provided to these 10 KPHs. One is technical assistance and capacity building for all stakeholders engaged in the KPH activities (referred to as indirect support to KPHs). The second is direct support for operationalization of ten KPHs, including support for obtaining BLU-D status. The third is community empowerment activities for communities living in and around the 10 KPH. The selection of the 10 KPHs receiving direct support will be based on the following selection criteria:
•        The key constraints to the KPH is one or more of the following issues: utilization of forest products – timber and non-timber, community access, and weak institutional capacity;

• Type of institution (whether they are registered as a Local Government Unit of Work (SKPD) or a Regional Technical Implementation Unit (UPTD));
• Degree of operationalization (e.g., whether the KPH has a 10 year forest management plan.);
• Opportunities for synergies with other technical assistance support;
• Potential for GHG emission reduction or carbon stock enhancement potential;
• Willingness, on behalf of KPH leaders to adhere to ESMF, financial management and procurement policy requirements in order to receive support from project;
• KPH is registered with provincial government (this criteria is added in recognition that a recent law transfers subnational authority over forests from the districts to provincial government);
• Dominant forest functional class in the KPH; and
• Ecosystem typology (highland forest, lowland forest, and peatland forest).

The application of the criteria to identify ten sites will be done during the first year of the project using information available from the KPH database, application of EXACT to assess potential for GHG emission reduction, expert opinion, and existing forest management plans. Implementation of field level activities in the 10 KPHs will be done in a phased manner. During the first year, activities will be launched in a few KPHs and activities will be launched in year two in the remaining KPHs. This will enable the project to assess the level of support required to facilitate implementation, and improve the delivery of support for the remaining KPHs.

## 5. Environmental and Social Safeguards Specialists

Flavio Chaves (GWADR)

Indira Dharmapatni (GSURR)

Juan Martinez (GSURR)

Rambat Sakwan (GSURR)

| 6. Safeguard Policies | Triggered? | Explanation (Optional) |
|---|---|---|
| Environmental Assessment OP/BP 4.01 | Yes | All components of the project will have indirect and direct environmental and social impacts. Component 1 involves the formulation of regulations and standard operating procedures (SOPs) related to KPH implementation. Component 2 will include technical services (training, surveying, digitization of maps, information sharing) for all stakeholders associated with KPH implementation. These activities are likely to have positive social and environmental impacts. These activities, however, may have down-stream impacts. World Bank support and advice for components 1 and 2 will be done in accordance with the Bank's safeguards policies. Accordingly, the integrated ESMF will establish procedures to promote transparency through stakeholder participation and public information disclosure. Such procedures will ensure that stakeholder's social and environmental concerns are adequately addressed, in particular in the preparation of studies, analyses and other documents and processes that could have downstream |

| | | impacts. Furthermore, the project promotes participatory policy formulation process through broad inter-institutional consultations at central, local and community levels to ensure all issues and appropriate mitigation measures are considered.<br><br>Component 3 will have direct environmental and social impacts resulting from the direct interventions in KPHs. Any unintended negative impact are considered to be minimal, localized, with no adverse, sensitive or irreversible environmental impacts. Component 3 supports modest investments in technical assistance and support for community empowerment respectively. They may have some minor social and environmental impacts that are for the most part site-specific; few if any of them will be irreversible; and in most cases mitigation measures can be designed and readily implemented.<br><br>In component 3, the investments and technical assistance on agroforestry, conflict resolution, processing of non-timber forest products, and so on are anticipated to have positive social and environmental impacts, and where unintended consequences arise, MoEF will implement the ESMF. |
|---|---|---|
| Natural Habitats OP/BP 4.04 | Yes | The project will not fund activities associated with operationalizing KPHs that may impact critical natural habitats. The project will enhance the quality of the FMU management ensuring that these critical ecosystems are safeguarded against conversion and fragmentation in FMU management plans preparation and implementation (landscape approach). The ESMF provides guidance on avoiding or mitigating impacts on natural habitats. |
| Forests OP/BP 4.36 | Yes | The proposed project will assist GOI's efforts to harness the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests, notably in regard to GHG sequestration. The project aims to bring about positive changes in the management, protection, or utilization of natural forests or plantations. It may affect the rights and welfare of people and their level of dependence upon or interaction with forests. The project will contribute to the development of legal and regulatory frameworks, financial incentives and capacity building activities to undertake SFM planning at the national, provincial and local levels. KPHs will prepare a forest management plans in collaboration with local |

| | | communities during the project implementation phase. |
| | | Requirements of this Operational Policy will be addressed with the use of Environmental and Social Assessments (ESA) and Environmental Management and Monitoring Plans (EMMP). Those instruments will ensure, through screening and social and environmental impact management measures, that: i) no forest resources exploitation activities takes place in critical natural habitats and critical forest areas, such as ancient primary forests; ii) communities and affected people are involved in the planning and use and benefit sharing of forest resources; ii) no conversion or degradation of critical natural habitats, (including adjacent or downstream critical natural habitats) will take place for plantation establishment. |
| | | If plantations are supported by the KPH, such projects will sit on unforested sites or lands already converted (excluding any lands that have been converted in anticipation of the project). |
| Pest Management OP 4.09 | Yes | Some pest management applications may occur as part of community activities that involve agroforestry. OP 4.09 on Integrated Pest Control will potentially be needed by some KPHs that are planning to establish small scale timber plantations and develop agroforests. Pest management and consequent pesticide use may also occur in establishing nurseries, planting, weeding, etc. Under such circumstances, proper pesticide acquisition, handing and disposal procedures will be followed as proposed in the ESMF. |
| Physical Cultural Resources OP/BP 4.11 | Yes | It is not anticipated that the project will have negative impacts on Physical Cultural Resources given the types of project activities, which for the most do not involve earthworks or activities near culturally important sites. |
| | | The ESMF provides guidance on how to manage chance finds or impacts on movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance in accordance with this OP and GOI regulations. |
| Indigenous Peoples OP/ BP 4.10 | Yes | The project may finance activities where there is a presence of Adat communities. Adat communities in Indonesia are covered by the Bank's policy on Indigenous Peoples, that generally classified in two categories: |

(a) Masyarakat Adat (MA)/Masyarakat Hukum Adat (MHA)—Adat communities/customary law communities, which are based on lineage or locality and are bound to customary law;

(b) Komunitas Adat Terpencil (KAT)/Isolated and Vulnerable communities (IVPs). This is a government-designated category of customary law communities that live in isolated areas.

Characteristics attributed to each category are specified in the IPPF in the ESMF.

It is anticipated that the project will have positive impacts for these communities by strengthening access to and control over forest resources, clarifying community boundaries in selected areas, and ensuring communities that manage forest resources receive a share of revenue from forest. Particular attention will be paid at the community level to ensure priorities and preferences of the communities are identified and included in forest management and village development planning and implementation. Communities will also choose whether or not they wish to engage in participatory management of the forests. Furthermore, any potential impacts under components 1 and 2 will be assessed with consideration of potential impacts on these communities and will be subject to consultations with the communities and organizations.

The 10 KPHs will be selected during the first year of project implementation. At this point, it is known that these 10 KPHs could be located in the following seven provinces, i.e., North Sumatera, South Sumatera, Central Sulawesi, West Nusa Tenggara, East Kalimantan, Central Kalimantan and Papua. Based on the EGI Map-Strengthening IPs Screening in Indonesia (2010) prepared by the World Bank, all IPs are present in these seven provinces.

Once the KPHs are selected during the first year of project implementation, the Project Management Unit (PMU) will have to screen the geographical presence of the IPs using the EGI Map. Based on this, each of the KPH team should undertake further verification to confirm the presence of IPs and impacts of the project on them during the consultation process (see reference to the Community Participation Framework (CPF)) with all stakeholders including communities who use, have access and benefit from the forests. Characteristics attributed to

| | | each category that are specified in the IPPF should also be used as reference in confirming the presence of Adat communities. During this verification, KPH team should also seek information and guidance from local NGOs and universities who are knowledgeable and experienced in working with IPs in the area.<br><br>As part of the ESMF, a Community Participation Framework (CPF) and an Indigenous Peoples Planning Framework (IPPF) have been developed based on the OP 4.10. The framework sets out processes and procedures to ensure that free, prior and informed consultations are conducted with project affected people. The framework approach proposed that Adat communities will work together with KPH team to develop community plans for sustainable natural resources management and improved livelihoods.<br><br>In the case that IPs communities are affected by the implementation of the KPH's business plan but they are not part of its main beneficiaries, the KPH team needs to prepare an Indigenous Planning Plan (IPP) in accordance with the requirements specified in the IPPF. The IPP will be approved by the PMU and the Bank, be disclosed in the KPHs' local offices, as well as in the MOEF's website.<br><br>The principles, procedures, requirements and guidance associated with the CPF and IPPF will also be part of the project operational manual. |
|---|---|---|
| Involuntary Resettlement OP/BP 4.12 | Yes | Participating communities includes persons and communities (including IPs) who use, have access, and benefit from KPHs. Participating communities may include "squatters" as classified by MOEF, - i.e., people living in plantation areas and in natural forests, with access to the forest being part of their livelihood. The national and regional laws and regulations for handling squatters in forest area is not comprehensive; and largely involves eviction.<br><br>As per the current design of the project, it is expected that no significant physical relocation will be necessary. The project would not support KPH that plans to involve involuntary relocation or has done recent involuntary relocation. However, if during consultations carried out according to the requirements of the CPF and LARPF (in the ESMF), involuntary relocation (including "squatters") |

is unavoidable as agreed by all parties involved, the KPH team will have to prepare a Land Acquisition and Resettlement Plan (LARAP) in accordance with the LARPF in the ESMF. The LARPF applies for all project affected persons, including "squatters".

The PMU has to carry out a due diligence for the KPH that has done involuntary land acquisition and/or resettlement in the past and request the KPH to prepare a Corrective Action Plan (CAP) to address the impacts. The CAP could be part of the LARAP in the case the KPH needs to prepare this instrument for addressing involuntary land acquisition and/or resettlement that will take place due to the project.

Preliminary assessment of potential negative environmental and social impacts suggested that involuntary land acquisition and resettlement may take place due to (1) land-based forest management activities (plantation and reforestation, agroforestry, establishment of farms, nurseries, demo plots, etc.) that take place on the land currently being used; (b) construction of structures such as processing facilities and knowledge resource centers. If this is the case, the KPH team will have to prepare a Land Acquisition and Resettlement Action Plan in accordance with the LARPF in the ESMF. Potential impacts that may arise due to the results of Component 1 and 2 and measures to address them are explained in Section II.A.1,2, and 4.

In the case that the project involves involuntary restriction to access to the community's sources of livelihood from the forests due to the establishment of the Business Plans, confirmation of the demarcation of the KPH, etc., the KPH team will prepare a Plan of Action (PA) describing specific measures to be undertaken to restore or ensure alternatives livelihoods and to assist the affected persons and specify the implementation arrangements to implement such measures. The PA will be developed in reference to the Process Framework (PF) in the ESMF.

In the case that relocation and restriction to access to the livelihood resources involve IPs, in addition to following the principles, procedures and guidance specified in the PF, KPH team should also consider the principles and procedures for IPs management as required in the CPF and IPPF.

| | | PA and LARAP will have to be approved by the PMU and the Bank, and be disclosed in the KPHs' local offices, and in the MOEF's website.<br><br>The principles, procedures, requirements and guidance associated with the LARPF and PF will be part of the project operational manual. |
|---|---|---|
| Safety of Dams OP/BP 4.37 | No | The project will not support any activities involving the construction of new dams nor support activities that will rely on the performance of an existing dam or a dam under construction. |
| Projects on International Waterways OP/BP 7.50 | No | The project will not support any hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial, and similar projects that involve the use or potential pollution of an international waterways. |
| Projects in Disputed Areas OP/BP 7.60 | No | The project will not support any activities in Disputed Areas. |

## II. Key Safeguard Policy Issues and Their Management

### A. Summary of Key Safeguard Issues

**1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:**

Given the objective of the project and its focus on reducing challenges to REDD+ implementation at the sub-national level and building capacity in REDD+ and SFM, it is expected that most activities will not create a large scale, significant and/or irreversible negative environment and social impacts. Where unintended negative consequences may arise, the client will implement safeguards instruments in accordance with the WB Operations Policies and pursuant to Indonesia's laws and regulations.

A preliminary assessment of potential environmental and social impacts has been identified. Potential, negative, social impacts can be categorized into: (1) direct impacts; and (2) indirect impacts. Criteria being used in assessing social impacts are (1) the local or customary community's improved or poorer access to forests (in area unit or number of households); (2) an increase or a decrease in the unemployment rate; (3) an increase or a decrease in community members' incomes; (4) more-severe or reduced poverty among the community; (5) increased or reduced food insecurity and health; (6) the community's strengthened or weakened cultural ties to the forest; and (7) an increase or a decrease in the number of forest tenure conflicts.

The Project activities which may have unintended negative, environmental and social impacts are activities associated with Component 3. The activities include activities for operationalizing KPHs and community empowerment activities. Community empowerment activities supported by the project will be identified during the process of KPH Business Plan formulation in the 10 KPHs where the project will directly intervene, and include those involving the members of the communities within/adjacent to the KPH as well as external investors.

All proposed KPH Business Plans must go through a screening process against the environmental and social safeguards. Screening of Business Plan Proposal against environmental and social safeguards is done with a view to identifying subproject/activities with potential negative impacts. Screening against environmental and social safeguards will be conducted for all KPH Business Plans in two stages:

1.　　Screening of Business Plan Proposal against the negative list of the FIP-KPH project; and
2.　　Screening of Business Plan Proposal against a checklist of environmental and social risks/impacts.

The negative list will include, among other things,
1)　　Every activity that will carry out conversion of natural forest, be it a state forest functioning as a conservation, protection, or production forest, in an KPH area into a non-forest area (e.g. a cropland, plantation, or housing settlement), except for necessary infrastructure development of minimum scale (e.g. a road, irrigation system, or a secretariat office);
2)　　Every activity that will significantly reduce the quality of biodiversity or a forest ecosystem or damage a forest habitat in an KPH area;
3)　　Every activity that will carry out population relocation of the households residing in the KPH and/or a surrounding community
4)　　Every activity that will destroy or damage a local cultural site or a site that has historical value to a wider community (the sub-national, national, or even international community);
5)　　Every activity that will affect human health
6)　　Activities that leads to human right violations.

The main issues that will need attention are:
• 　　Land and asset acquisition.
• 　　Restriction of the communities' current access to the forest resources
• 　　Indigenous people presence
• 　　High value conservation area
• 　　Protected plant and wildlife species preservation and utilization
• 　　The use of pesticides
• 　　Historical objects and other physical resources

## 2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project is anticipated to have indirect and long-term positive impacts by creating the enabling conditions, institutional arrangements and capacities for effective implementation of decentralized management of forests. In the context of KPHs, this will including improving their ability to resolve forest resource management, use, and access issues while directly strengthening their ability to enforce sustainable management of forests at the site level. In the long term, strengthening the KPH system will contribute to reducing unplanned deforestation and forest degradation. It also will support Indonesia in a transformative process toward good forest governance and subnational REDD+ readiness. Accordingly, it should result in improved opportunities for investments in SFM, community based forest management (CBFM), and REDD+. This also could augment environmentally conscientious private sector confidence to invest in sustainable forest management and leverage funding managed by the MOEF. In the long term this project will contribute to the achievement of higher objective in reducing greenhouse gas emissions and enhance carbon stocks while generating livelihood co-benefits.

Planned activities under Component 1 and 2, if implemented without due engagement of

stakeholders, could, however, have indirect negative environmental and social impacts that require further analysis. For example regulations and SOPs influencing the implementation of forest demarcation and governance may modify communities' access to forests. This, as noted above, could have implications for the well-being and livelihoods of the community.

Measures are indicated within the ESMF on assessing ex ante potential consequences of interventions such as those found in Component 1 and 2.

**3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.**

n/a

**4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.**

According to the nature, scope and scale of the project, the WB has classified it under Category B, triggering six safeguards as mentioned on the table above. In order to fulfil the aforementioned safeguard requirement, the MOEF has prepared an integrated Environmental and Social Management Framework (ESMF), to guide the project in identifying, screening and assessing location-specific, environmental and social safeguards related issues emerging from any of the components in the project (components 1,2, and 3). The ESMF explains the management and mitigation actions to be taken by a project implementer, and a management plan that the project implementer must prepare before sub-project implementation. The ESMF guides the project implementer regarding the Environmental and Social Management Plan (ESMP). The ESMF also incorporates the Process Framework, the Community Participation Framework (CPF) and Land Acquisition and Resettlement Policy Framework (LARPF). It, therefore, will guide the preparation of the Indigenous Peoples Plan (IPP) and the Land Acquisition and Resettlement Action Plan (LARAP).

Based on the capacity assessment that was done at both national and sub-national level, it was noted that at the national level there are existing units at the Ministry of Environment and Forestry (MOEF) who are capable of assessing environmental and social risks in relation to the proposed project intervention (including those under Component 1 and 2), mitigating negative impacts and monitoring the implementation of safeguards actions. While at the sub-national level, the relevant agencies have never had experience handling safeguards related documents in relation to KPH-supported activities. While the specific KPHs in which the project activities will be implemented remain to be selected and the exact capacity needs can only be specified once these sites are known, the ESMF already includes adequate provisions for capacity strengthening for safeguards implementation. They include:

• Including a full-time safeguard specialist in the Project Management Unit. S/he will coordinate with the Environmental and Climate Change Units in the Planning Directorate of the MOEF, provincial Dinas and KPHs to ensure that all the environmental and social safeguard requirements under the project will be fully met. S/he should also train safeguard focal points at project Dinas and KPHs level on relevant environmental laws and regulations, the safeguard instruments, and any additional requirements under the project.
• At subnational level, the following capacity building actions are priorities:
a. Building overall awareness on environmental safeguards requirements among subnational level stakeholders: this would involve clarity in terms of actions and responsibilities by within BLHD on environmental permits for KPH-supported activities, and KPH staff's good understanding on the requirements.

b.        In addition, the roles of provincial Dinas, especially how they liaise with BLHD and KPHs for the preparation and approval of KLHS need to be clearly understood. It is advisable that provincial Dinas with KPHs supported under the project will assign somebody who will act as safeguard focal point under the project.

c.        Strengthening capacities within KPH on environmental safeguard action planning and implementation: this would include in the short run KPHs developing a network of resource persons/agencies who can prepare necessary inputs to apply for and obtain a permit from BLHD; at the same time building its own human resources basis to handle environmental safeguard actions; and strengthening their coordination with BLHD and other stakeholders involved.  It is suggested that in all project supported KPHs, one staff will be appointed as a safeguard focal point under the project.

•        Using qualified facilitators to promote community engagement to address social safeguard issues at all stages of implementation. These facilitators could be from civil society organizations with experienced in community development. In order to ensure its transparency and impartiality, the process has to be accompanied by the efforts to keep good records (i.e. minutes of consultation meetings) and disclose them

In addition, to further strengthen capacity building for safeguard implementation the project will link safeguard initiatives across the multiple projects being supported by the Forest Investment Program, such as the FIP financed project titled Community Focused Investments to Address Deforestation and Forest Degradation. The implementing agencies of these projects will assign staff to safeguard coordination and oversight roles in the project management unit at both the national and sub-national level, create a cadre of professionals who will focus on ensuring the projects comply with their safeguard obligations.

| **5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.** |
| --- |
| Stakeholders include those affected directly or indirectly by the project, including provincial and district government and national government agencies that are relevant to the project, KPHs, local communities (including women and marginalized people, forest farmer groups) and Adat communities, academician, NGOs/CSOs, private sector, research organization. The preparation of safeguards document has gone through several rounds of focus group discussion (FGD) and public consultations conducted in a manner that was in compliance with the national requirements and following the procedures established by the National Forestry Council (DKN). The public consultations were coordinated by Kemitraan and led by the MOEF with intensive multi-stakeholder involvement at national and regional level. Prior to the consultation, the Bahasa version of the draft ESMF document was distributed and disclosed in order to give stakeholders who participated enough time to read and provide feedback on the instrument. The public consultations at national level was conducted to finalize the integrated ESMF document. The response and feedbacks from the participants are incorporated and presented in the final integrated ESMF document. During the course of implementation, consultation will be carried out as per the requirement of the instruments mentioned in the integrated ESMF. Moving forward, the comprehensive communication strategy will be developed to support the communication, outreach and dissemination and disclosure of information and of outputs produced by the project |

## B. Disclosure Requirements

| Environmental Assessment/Audit/Management Plan/Other | |
|---|---|
| Date of receipt by the Bank | 04-Aug-2015 |
| Date of submission to InfoShop | 28-Aug-2015 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | 00000000 |
| "In country" Disclosure | |
| Indonesia | 04-Aug-2015 |
| *Comments:* Earlier versions of the Integrated Draft ESMF were shared with stakeholders during public consultations at the regional and national level. The revised draft ESMF has taken on board as many of these comments as possible. As the documet is an integrated ESMF, it also includes the Process Framework, Community Participation Framework, Resettlement Action Framework, and Indigenous Peoples Planning Framework and Guidance on the Pest Management Plan. The current version of the ESMF on the website is in English and is being translated into Bahasa. Once translated, the Bahasa version will be posted as well. | |
| **Resettlement Action Plan/Framework/Policy Process** | |
| Date of receipt by the Bank | 04-Aug-2015 |
| Date of submission to InfoShop | 11-Sep-2015 |
| "In country" Disclosure | |
| Indonesia | 04-Aug-2015 |
| *Comments:* See comment above | |
| **Indigenous Peoples Development Plan/Framework** | |
| Date of receipt by the Bank | 04-Aug-2015 |
| Date of submission to InfoShop | 11-Sep-2015 |
| "In country" Disclosure | |
| Indonesia | 04-Aug-2015 |
| *Comments:* See comment above | |
| **Pest Management Plan** | |
| Was the document disclosed prior to appraisal? | NA |
| Date of receipt by the Bank | //// |
| Date of submission to InfoShop | //// |
| "In country" Disclosure | |
| | |
| *Comments:* | |
| **If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/ Audit/or EMP.** | |
| **If in-country disclosure of any of the above documents is not expected, please explain why:** | |
| The sites for the activities will be finalized in year one of the project. Following this all necessary plans including, when necessary, the pest management plan will be prepared and disclosed. | |

## C. Compliance Monitoring Indicators at the Corporate Level

**OP/BP/GP 4.01 - Environment Assessment**

| | | | |
|---|---|---|---|
| Does the project require a stand-alone EA (including EMP) report? | Yes [ × ] | No [ ] | NA [ ] |
| If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? | Yes [ × ] | No [ ] | NA [ ] |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes [ × ] | No [ ] | NA [ ] |

**OP/BP 4.04 - Natural Habitats**

| | | | |
|---|---|---|---|
| Would the project result in any significant conversion or degradation of critical natural habitats? | Yes [ × ] | No [ ] | NA [ ] |
| If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? | Yes [ × ] | No [ ] | NA [ ] |

**OP 4.09 - Pest Management**

| | | | |
|---|---|---|---|
| Does the EA adequately address the pest management issues? | Yes [ × ] | No [ ] | NA [ ] |
| Is a separate PMP required? | Yes [ ] | No [ × ] | NA [ ] |
| If yes, has the PMP been reviewed and approved by a safeguards specialist or PM?  Are PMP requirements included in project design?If yes, does the project team include a Pest Management Specialist? | Yes [ ] | No [ ] | NA [ × ] |

**OP/BP 4.11 - Physical Cultural Resources**

| | | | |
|---|---|---|---|
| Does the EA include adequate measures related to cultural property? | Yes [ × ] | No [ ] | NA [ ] |
| Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? | Yes [ × ] | No [ ] | NA [ ] |

**OP/BP 4.10 - Indigenous Peoples**

| | | | |
|---|---|---|---|
| Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples? | Yes [ × ] | No [ ] | NA [ ] |
| If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? | Yes [ × ] | No [ ] | NA [ ] |
| If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager? | Yes [ × ] | No [ ] | NA [ ] |

**OP/BP 4.12 - Involuntary Resettlement**

| | | | |
|---|---|---|---|
| Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared? | Yes [ × ] | No [ ] | NA [ ] |
| If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? | Yes [ × ] | No [ ] | NA [ ] |
| Is physical displacement/relocation expected?  Provided estimated number of people to be affected | Yes [ ] | No [ × ] | TBD [ ] |

| | | | |
|---|---|---|---|
| Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)<br><br>Provided estimated number of people to be affected | Yes [ ] | No [ × ] | TBD [ ] |

| **OP/BP 4.36 - Forests** | | | |
|---|---|---|---|
| Has the sector-wide analysis of policy and institutional issues and constraints been carried out? | Yes [ × ] | No [ ] | NA [ ] |
| Does the project design include satisfactory measures to overcome these constraints? | Yes [ × ] | No [ ] | NA [ ] |
| Does the project finance commercial harvesting, and if so, does it include provisions for certification system? | Yes [ ] | No [ × ] | NA [ ] |

| **The World Bank Policy on Disclosure of Information** | | | |
|---|---|---|---|
| Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | Yes [ × ] | No [ ] | NA [ ] |
| Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | Yes [ × ] | No [ ] | NA [ ] |

| **All Safeguard Policies** | | | |
|---|---|---|---|
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [ × ] | No [ ] | NA [ ] |
| Have costs related to safeguard policy measures been included in the project cost? | Yes [ × ] | No [ ] | NA [ ] |
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes [ × ] | No [ ] | NA [ ] |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes [ × ] | No [ ] | NA [ ] |

## III. APPROVALS

| Task Team Leader(s): | Name: Diji Chandrasekharan Behr | |
|---|---|---|
| ***Approved By*** | | |
| Safeguards Advisor: | Name: Peter Leonard (SA) | Date: 14-Sep-2015 |
| Practice Manager/ Manager: | Name: Iain G. Shuker (PMGR) | Date: 14-Sep-2015 |