

# INTEGRATED SAFEGUARDS DATA SHEET

## CONCEPT STAGE

**Report No.:** ISDSC3272

**Date ISDS Prepared/Updated:** 08-Jul-2013

**Date ISDS Approved/Disclosed:** 11-Dec-2013

### I. BASIC INFORMATION

#### A. Basic Project Data

<b>Country:</b>	Indonesia	<b>Project ID:</b>	P144269
<b>Project Name:</b>	Forest Investment Program: Forest Management Unit Development (P144269)		
<b>Task Team Leader:</b>	Werner L. Kornexl		
<b>Estimated Appraisal Date:</b>	21-Jan-2014	<b>Estimated Board Date:</b>	01-May-2014
<b>Managing Unit:</b>	EASIS	<b>Lending Instrument:</b>	Specific Investment Loan
<b>Sector(s):</b>	Forestry (100%)		
<b>Theme(s):</b>	Other human development (40%), Other environment and natural resources management (40%), Participation and civic engagement (20%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	17.00	<b>Total Bank Financing:</b>	0.00
<b>Financing Gap:</b>	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Strategic Climate Fund Grant			17.00
Total			17.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

#### B. Project Objectives

The Project aims to help Indonesia reduce institutional barriers to sustainable forest management and REDD+ implementation at the national and sub-national levels.

The sub-objectives of the Project are:

- a. At the national level, to strengthen institutional, financial, and technical capacity and support FMU policy dialogue within the national Government

- b. At the sub-national level, to generate knowledge by investing in participatory forest land-use planning
- c. At the site level, to assist a small number of pilot FMUs to become operational and to engage with local communities and other stakeholders to improve livelihood and economic activities from sustainable forest management

### **C. Project Description**

The Project will have three components. Component 1 will help build national (both intra- and inter-ministerial) coordination, understanding and ownership, information and advice, and support base for FMU development and operation within the MOFOR and potentially the Ministry of Home Affairs (MOHA). The Project will support activities that can add value to the FMU process, such as analytical and policy work including studies in support of policy improvements for FMU operation, sustainable forest management and REDD+, South-South operations, etc.

Capacity constraints at national and local level for FMU development and operation may also be addressed by supporting capacity development programs in close collaboration with the universities (e.g. a student attachment and fresh graduate recruitment program).

The establishment of a centralized FMU Knowledge and Management Information System (KMIS) will be supported. The System would collate, store, analyze, and make available information, experiences, and lessons learned related to the FMUs, such as maps and imagery, statistical data, plans, budgets, technical and financial reports, performance, studies, business plans, land-use plans, etc. and would also provide information on FMUs to the wider public. It would also build the base for reporting on the FIP development indicators and specific project indicators. KMIS would manage information generated from component 2 and 3 and will feed into the policy dialogue outlined below.

The project would also support policy work in cooperation with other national stakeholders -- Policy work financed by the project will be contracted through the Indonesian National Forestry Council (Dewan Kehutanan Nasional, DKN) and recommendations presented to the Steering Committee.

Component 2 will support a number of 'Model FMUs' with participatory land-use planning activities, with the objective of addressing issues in connection with such processes and ultimately learning from those approaches. The term 'Model FMUs' is a term used by the Ministry of Forestry to refer to those 60 FMUs that have received early development support for planning, institutional set-up, and area determination. Encroachment and land use conflicts are critical issues in many of the Model FMUs. MOFOR will competitively call for proposals from stakeholders that can support participatory forest land-use planning process within FMUs. The participatory planning activities can include, but are not limited to participatory land use mapping, stakeholder assessments, socio-economic surveys, participatory rural appraisals (PRA), consultations, and mediation and conflict resolution mechanisms related to forest access (area and resources) and encroachment. Planning processes will take into account indigenous and customary rights and local knowledge and gender equity. Results will be documented and analyzed for learning and dissemination. This component will not invest in livelihood or other activities/infrastructure on the ground. Funds for this activity will either be managed by Ministry of Forestry directly or by a suitable entity.

Component 3 will provide financial support to 3 Pilot FMUs to assist local stakeholders to implement economic activities. Out of the 60 existing Model FMUs a limited number of Pilot FMUs, 3 will be selected in a consultative selection process. The 3 Pilot FMUs will (i) have attained a certain degree of operational capacity, including having established participatory forest land use

planning processes (financed by component 2 or other), (ii) have multiple support systems in place, (iii) not be constrained by serious social issues and land use conflicts, and (iv) hold good potential for business development, revenue generation, and long-term economic independence.

Grants for economic activities and livelihood activities will be managed by Ministry of Forestry directly or an appropriate entity. The purpose of the grant scheme is to provide multiyear and flexible grants to community organizations and NGOs to promote sustainable community forest and non-timber forest product initiatives in pilot FMUs. The aim will be to support existing local forest-based business development and management demonstration activities with potential to reach sustainability in a short term. This component is intended to demonstrate that FMUs can eventually generate sustainable economic benefits from forest management, through engagement with local communities, service providers, and industry supported by appropriate governance mechanisms.

Only FMUs that have already gone through the process of establishing a Development and Business Plan and participatory forest land use planning processes would be able to access funds for livelihood and economic activities. During the first year of project implementation, the FMUs would be identified and necessary analysis, such as environmental and social assessments, stakeholder analysis and consultations would be financed by the project, before investments on the ground can take place.

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

The project intervention activities of Component 1 will be at the national level with a strong emphasis on capacity building. The activities in Components 2 and 3 will be located in conservation, protection and production forests formally designated by the Minister of Forestry (MoFor), and will work with: (i) approximately ten selected recipients from across the 60 Model FMUs in Component 2; and (ii) FMU staff, communities and entities in 3-5 pilot FMUs from the pool of 60 Model FMUs in Component 3. Activities in Components 2 and 3 will include support for participatory land-use planning processes to develop more transparency, with fair and equitable inclusion of local communities in land use planning, resource monitoring, and, in Component 3, productive forest activities.

Because the selection of the specific FMUs for participation in Components 2 and 3 will only take place during the first year of project implementation, an Environmental and Social Management Framework (ESMF) and a Community Participatory Framework (CPF) will be created during project preparation. In these documents, all the consultation and participation requirements and guidelines for OP 4.01, 4.10, 4.11, 4.12 and 4.36 will be consolidated, along with a grievance procedure. This CPF will contain the project's Indigenous People's Planning Framework and the Access Restriction Policy Framework (the term used for Process Framework in Indonesia).

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

The main counterpart of the project will be the Ministry of Forestry, which will be responsible overall for social and environmental safeguard issues and thus for the implementation of the ESMF and the various elements of the Community Participatory Framework. The MOFOR has the experience in the establishment of SESA under FCPF scheme, that will be good lesson learned for this project preparation and implementation. Forestry agencies at kabupaten and/or provincial level will also have oversight responsibility, whose capacities will need to be upgraded with regards to safeguards implementation, and FMUs will be directly responsible for implementation of measures contained in instruments prepared pursuant to the ESMF: ESMPs, IPPs, etc. The ESMF will include an environmental and social impact management capacity assessment of the MOFOR along with

recommendations for strengthening, and the safeguards instruments for individual FMU's will include the same elements for kabupaten and, where relevant, provincial forestry agencies.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Thomas E. Walton (EASNS)

Juan Martinez (EASIS)

Virza S. Sasmitawidjaja (EASIS)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/ BP 4.01	Yes	The project will provide financial support in Component 3 to a limited number (3) of 'pilot FMUs' that will be selected during the first year of the project. This could involve the protection and beneficial uses of the forest resources. An Environmental and Social Management Framework (ESMF) will be prepared by the implementing agency during the project design stage before appraisal. The appropriate level of environmental and social assessment as determined by the ESMF screening procedure will accompany the pilot FMU selection during the first year of project implementation. This assessment will take stock of and analyze the salient environmental and socio-economic characteristics of the proposed project areas, assess potential impacts, both negative and positive, of the productive forest activities, which may include harvesting of NTFP, replanting, sustainable economic livelihood activities, and prepare management and mitigation measures to be applied to the activities in the pilot FMU. A full baseline database for all participating project communities will be compiled as part of this assessment process. The ESMF will incorporate outputs of the REDD+ SESA process that is ongoing in Indonesia, including in particular the principles, criteria and indicators (PRISAI) and their operating guidelines that will apply to all REDD+ activities regardless of the source of funding. Guidance on ESMF implementation will be included in the program level Operations Manual along with fiduciary rules and procedures.
Natural Habitats OP/BP 4.04	Yes	Potential project areas in Components 2 and 3 may be located in Conservation, Protection

		<p>(Hutan Lindung), Production, and in some areas Village Forests (Hutan Desa). The overall impacts on natural habitat are expected to be positive, but some potential activities could have negative impacts such sustainable economic or livelihood activities. The identification and mapping of sloping lands, riparian zones, and High Conservation Value Forest (HCVF) will be included as part of the basis for forest use planning in Components 2 and 3, for the purposes of enhancing positive impacts and minimizing adverse impacts on natural habitat. When the environmental assessments for the FMUs to be supported under Component 3 are conducted, activities that could affect critical natural habitat for which it cannot be demonstrated that conversion or degradation will be avoided will be rejected for support.</p>
Forests OP/BP 4.36	Yes	<p>In Component 1, 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. The project will establish a support base for FMUs within the MOFOR and potentially MOHA. The Project will support activities that add value to the FMU process, such as analytical and policy work, including potential studies in support of policy improvements for FMU operation, sustainable forest management and REDD+, South-South operations, etc. It will link closely with national REDD+ preparation, in particular the principles, criteria and indicators (PRISAI) being developed for REDD+ financing. Capacity constraints at national and local level for FMU development and operation may also be addressed by supporting capacity development programs in collaboration with the universities (e.g. a student attachment and fresh graduate recruitment program). The establishment of a centralized FMU Knowledge and Management Information System (KMIS) will be supported. The project will support the institutional establishment of FMUs. FMUs will prepare forest management plans in collaboration with local communities during the</p>

		project implementation phase. This follows FMU regulations established by MOFOR. The ESMF will incorporate a screening procedure that will determine what environmental assessment and/or ESMP is appropriate for each proposed intervention. The ESMF will include requirements for consultation. In addition, there will be a Community Participatory Framework in which all consultation and participation requirements and guidelines for OP 4.01, 4.10, 4.11, 4.12 and 4.36 will be consolidated.
Pest Management OP 4.09	TBD	Forest plantations, tree nurseries, and some timber and non-timber product processing could require insecticides, herbicides, or fungicides. If during ESMF preparation pesticide use is determined to be likely, whether or not the pesticides are procured with project funds, the policy will be triggered and the ESMF will include a Pest Management Plan template for use in the environmental assessments for activities in the pilot FMUs.
Physical Cultural Resources OP/ BP 4.11	Yes	Mapping and protection of PCR will be incorporated in forest use planning in Component 2 and in the selection, design and implementation of forest management plans and activities in Component 3.
Indigenous Peoples OP/BP 4.10	Yes	The project may finance activities where there is a presence of adat communities. This policy applies to all three project components and a social assessment and resulting IPPF will indicate the project's potential impacts and benefits for indigenous peoples for all project activities and that the IPPF will include how the project intends to approach land tenure issues. The proposed framework approach is proposed where adat communities will work together with FMU staff to develop community plans for sustainable natural resources management and improved livelihoods. An Indigenous Peoples Planning Framework (IPPF) will be prepared as part of the Community Participatory Framework by the implementing agency before appraisal. It is anticipated that the project will have positive impacts for adat communities by strengthening access to and control over forest resources, clarifying community boundaries in selected areas, and ensuring communities that manage

		<p>forest resources receive a share of revenue from forest. Particular attention will be paid at the community level to ensure priorities and preferences are identified and included in forest management and village development planning and implementation. Communities will choose whether or not they wish to engage in participatory management of the forests. A participatory framework will be developed that sets out processes and procedures to ensure that free, prior and informed consultations are conducted with project affected people.</p>
<p>Involuntary Resettlement OP/BP 4.12</p>	<p>Yes</p>	<p>The Community Participatory Framework (CPF) will apply to all participating communities. Village Development Plans will be developed with participating villages to ensure that losses in revenue streams as a result of any natural resource access restrictions are fully and sustainably mitigated in line with OP 4.12. The social assessment undertaken during project preparation should assess among other things potential impacts on livelihoods and related to access restrictions due to project activities. This should be included in a Process Framework as part of the combined safeguard and participatory planning to be included in the Community Engagement Framework.</p> <p>If communities choose to engage in and endorse access restrictions, it is anticipated that losses will be compensated by the FMUs and/or participating organizations. Community members will also benefit from improved management of the forests, which will enhance the sustainability of forest resource production and environmental services upon which local communities are economically dependent. No land acquisition is anticipated for the project; however an Process Framework (PF) will be prepared prior to appraisal as an element of the CPF for use in the (unlikely) event that it is needed in specific project areas.</p> <p>Also an Involuntary Resettlement Policy Framework will be prepared as part of the project preparation. The project should not exclude involuntary resettlement.</p>

Safety of Dams OP/BP 4.37	No	The project will neither finance new dams nor depend on existing dams for achievement of its development objectives.
Projects on International Waterways OP/BP 7.50	No	There are no international waterways in the parts of Indonesia in which FMUs will be selected for Components 2 or 3.
Projects in Disputed Areas OP/BP 7.60	No	There is no disputed territory in the parts of Indonesia in which FMUs will be selected for Components 2 or 3.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 18-Nov-2013

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

The Environmental and Social Management Framework (ESMF), the IPPF and the ARPF will be prepared before project appraisal.

### IV. APPROVALS

Task Team Leader:	Name: Werner L. Kornexl	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Peter Leonard (RSA)	Date: 21-Nov-2013
Sector Manager:	Name: Nathan M. Belete (SM)	Date: 11-Dec-2013

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.