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Report No: PAD3214

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED TRUST FUND GRANT FROM THE

GLOBAL ENVIRONMENT FACILITY

IN THE AMOUNT OF US$14,317,909

TO THE

REPUBLIC OF INDONESIA

FOR A

STRENGTHENING OF SOCIAL FORESTRY IN INDONESIA PROJECT

May 6, 2020

Environment, Natural Resources and Blue Economy Global Practice
East Asia and Pacific Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2020)

Currency Unit =	IDR
IDR 14,400 =	US$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS

Adat	Indigenous peoples and their customs in Malaysia and Indonesia
APL	Areas for Other Purposes (*Areal Penggunaan Lain*)
ATR/BPN	Ministry of Agrarian and Spatial Planning / National Land Agency (*Kementerian Agraria dan Tata Ruang / Badan Pertanahan Nasional*)
BAL	Basic Agrarian Law of 1960
BIG	Geospatial Information Agency (*Badan Informasi Geospasial*)
CBOs	Community-Based Organizations
CPF	Country Partnership Framework
DA	Designated Account
DBH DR	Revenue Sharing Fund for Reforestation (*Dana Bagi Hasil Sumber Daya Alam Dana Reboisasi*)
DG	Director General
DGM	Dedicated Grant Mechanism
ECOP	Environmental Codes of Practices
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
FIP	Forest Investment Program
FIP-2	Promoting Sustainable Community Based Natural Resource Management and Institutional Development
FMU	Forest Management Unit (*Kesatuan Pengelolaan Hutan*, KPH)
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gases
GOI	Government of Indonesia
GRS	Grievance Redress Service
HA	Customary Forest (*Hutan Adat*)
HD	Village Forestry (*Hutan Desa*)
HKm	Community Forestry (*Hutan Kemasyarakatan*)
HPL	Right to Manage (*Hak Pengelolaan*)
HR	Community Forestry on Titled Land (*Hutan Rakyat*)
HTR	Community Plantation Forest (*Hutan Tanaman Rakyat*)
IBSAP	Indonesian Biodiversity Strategy and Action Plan

IFR	Interim Financial Reports
IP	Indigenous Peoples
IPF	Investment Project Financing
IPPF	Indigenous Peoples Planning Framework (in ESMF)
IRR	Internal Rate of Return
IUCN	International Union for Conservation of Nature
Kemitraan	Forestry Partnership (*Kemitraan Kehutanan*)
KfW/GIZ	German Technical Cooperation
KPH	Forest Management Unit (*Kesatuan Pengelolaan Hutan*)
LKPP	National Public Procurement Agency (*Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah)*
M&E	Monitoring & Evaluation
MoEF	Ministry of Environment and Forestry (*Kementerian Lingkungan Hidup dan Kehutanan*)
MOF	Ministry of Finance
MOV	Ministry of Villages, Development of Disadvantaged Regions and Transmigration (*Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi*)
MTCO$_2$e	metric tons of carbon dioxide equivalent
MTDF-SLM	World Bank Multi-Donor Trust Fund for Sustainable Landscapes Management
NDC	Nationally Determined Contribution
NGO	Nongovernmental Organization
NPMU	National Project Management Unit
NSC	National Steering Committee
NTFP	Non-Timber Forest Product
OP	Operational Policy (of the World Bank Group)
PCU	Program Coordination Unit
PDO	Project Development Objective
PERDA	Regional regulations (*Peraturan Daerah*)
P2H Center BLU	Public Development Center for Forest Development Financing
PIA	Project Implementing Agency
PIAPS	Indicative Map of Social Forestry Area (*Peta Indikatif Area Perhutanan Sosial*)
PIU	Project Implementation Unit
PKPS	*Area Preparation for Social Forestry (Penyiapan Kawasan Perhutanan Sosial)*
PMC	Project Management Consultant
PMU	Project Management Unit
POKJA PPS	Working Group for the Acceleration of Social Forestry (*Kelompok Kerja Percepatan Perhutanan Sosial*)
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
PPTKH	Team for Settling Land Tenure in Forest Areas (*Penyelesaian Penguasaan Tanah dalam Kawasan Hutan*)
PTSL	Participatory Land Registration (*Pendaftaran Tanah Sistematik Lengkap*)
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RPJMN	Medium Term National Development Plan (*Rencana Pembangunan Jangka Menengah Nasional/RPJMN*)
SEP	Stakeholder Engagement Plan
SFM	Sustainable Forest Management

SFP	Social Forestry Program
SINAV	Social Forestry Navigating System
SLM	Sustainable Landscapes Management
SMEs	Small and Medium-sized Enterprises
SPMU	Sub-National Project Management Unit
SSF	Strengthening of Social Forestry in Indonesia Project
TA	Technical Assistance
tCO$_2$	Ton metric carbon dioxide
TORA	Land [made] Available for Agrarian Reform (*Tanah Obyek Reforma Agraria*)
UKL-UPL	Government of Indonesia's Environmental Management and Monitoring Plan (*Upaya Pengelolaan Lingkungan - Upaya Pemantauan Lingkungan*)

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Indonesia	ID: Strengthening of Social Forestry in Indonesia	

Project ID	Financing Instrument	Environmental and Social Risk Classification
P165742	Investment Project Financing	High

GEF Focal Area
Multi-focal area

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Disbursement-linked Indicators (DLIs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
22-May-2020	30-Jun-2025

Bank/IFC Collaboration
No

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve access to forest land use rights and strengthen community

management in selected priority areas allocated for social forestry

Components

Component Name	Cost (US$, millions)
Policy and institutional strengthening to support social forestry	19,235,949.00
Strengthening community management within social forestry	84,837,069.00
Project management and Monitoring and Evaluation	5,358,463.00

Organizations

Borrower:	Republic of Indonesia
Implementing Agency:	Ministry of Environment and Forestry (MOEF)

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	109.43
Total Financing	109.43
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Counterpart Funding	95.11
Borrower/Recipient	95.11
Trust Funds	14.32
Global Environment Facility (GEF)	14.32

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2020	2021	2022	2023	2024	2025	2026

Annual		0.00	1.00	2.20	3.10	4.40	3.20	0.42
Cumulative		0.00	1.00	3.20	6.30	10.70	13.90	14.32

INSTITUTIONAL DATA

Practice Area (Lead)

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● High
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Substantial
7. Environment and Social	● High
8. Stakeholders	● Substantial
9. Other	
10. Overall	● High

COMPLIANCE

Policy
Does the project depart from the CPF in content or in other significant respects?

[ ] Yes   [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes   [✓] No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description
Section I.A.2.(a) of Schedule 2 to the Grant Agreement
The Recipient shall, by no later than three months after the Effective Date, establish and thereafter maintain the National Steering Committee, with mandate, composition, staffing and resources acceptable to the Bank.

Sections and Description
Section I.A.2.(b) of Schedule 2 to the Grant Agreement
The Recipient shall, by no later than three months after the Effective Date, establish and thereafter maintain the

National Technical Committee, with mandate, composition, staffing and resources acceptable to the Bank.

Sections and Description
Section I.A.2.(c) of Schedule 2 to the Grant Agreement
The Recipient shall, by no later than three months after the Effective Date, establish and thereafter maintain the Sub-National Project Management Unit, with mandate, composition, staffing and resources acceptable to the Bank.

Sections and Description
Section I.B of Schedule 2 to the Grant Agreement
The Recipient shall prepare and adopt, by no later than three months after the Effective Date, the Project Operations Manual.

Sections and Description
Section I.C.1. of Schedule 2 to the Grant Agreement
The Recipient shall prepare and furnish to the Bank an Annual Work Plan and Budget, by no later than one month after the beginning of each fiscal year of the Recipient of each year during implementation of the Project for the Bank's review and no-objection.

Sections and Description
Section I.D of Schedule 2 to the Grant Agreement
The Recipient shall select Subprojects in accordance with the Project Operations Manual, and enter into Subproject Agreements with Beneficiary Communities under terms and conditions satisfactory to the Bank.

Sections and Description
Section II.C of Schedule 2 to the Grant Agreement
Recipient shall carry out, jointly with the Bank, not later than three (3) years after the Effective Date, a mid term review of the Project.

Sections and Description
Section I.A.1 of Schedule 2 to the Grant Agreement
The Recipient shall maintain throughout the implementation of the Project, the National Project Management Unit with a mandate, composition, staffing and resources acceptable to the Bank.

Conditions

Type	Description
Disbursement	Section III.B.1.(b) of Schedule 2 to the Grant Agreement No withdrawal shall be made under Category (2) unless and until the Recipient has adopted the Community Grants Sub-Manual to the satisfaction of the Bank.
Type	Description
Effectiveness	Article 4.01 to the Grant Agreement This Agreement shall not become effective until evidence satisfactory to the Bank has been

	furnished to the Bank, that the Recipient have established a National Project Management Unit with staffing, terms of reference and resources satisfactory to the Bank.

I. STRATEGIC CONTEXT

A. Country Context

1.   **The Indonesian economy has shown solid growth over the past decade, which has contributed to a significant reduction in national poverty.** From 2001 to 2012, Indonesia's gross domestic product (GDP) almost doubled and the country's GDP per capita rose from US$2,737 to US$4,272 (in constant 2005 US dollars based on purchasing power parity) at an average annual growth rate of 4 percent. By 2015, Indonesia's total GDP was US$1.3 trillion, positioning the country as the largest economy in Southeast Asia and the only Southeast Asian member of the G-20. The economic growth contributed to halving the national poverty rate from 24 percent in 1999 to 10.6 percent in 2017.[1] Growth averaged 5 percent in 2016, but rose to 5.2 percent in third quarter of 2018, and is projected to remain steady at 5.2 percent in 2019.[2] The real GDP for the country is projected to be flat in 2020 due to the COVID-19 pandemic which has affected Indonesia despite the Government's expansionary monetary and fiscal policy. Furthermore, preliminary estimates suggest that the pandemic could also increase poverty incidence by 1.3 to 3.6 percentage points, translating into between 3.7 million to 9.8 million additional poor relative to 2020 without the pandemic. The economy is based largely on the extraction of non-renewable resources, which accounts for 16 percent of GDP and 40 percent of exports, respectively, and on renewable commodities, including timber and agricultural products.

2.   **Agriculture and forestry contribute significantly to Indonesia's economic growth; however, a large percentage of the population dependent on these sectors remains poorer than the national average.** Agriculture and forestry together account for 14 percent of the country's GDP.[3] Thirty-three percent of the labor force depends predominantly or exclusively on agriculture, forestry, hunting, or fishing, and many others depend on related downstream activities.[4] However, the people depending on forests and rural lands for agricultural livelihoods are disproportionally poorer than the national average and include many *adat* communities.[5] According to 2014 government data,[6] poverty in and around forest areas is estimated at 16.15 percent (or 5.6 million poor people out of a population of 34.8 million in and around forest areas), while poverty inside forest areas reaches 23.5 percent (or 0.3 million poor people out of a population of 1.2 million), which is more than double the national poverty rate. Within forest areas, poverty rates vary between areas with different forest classifications. Around 24.77 percent (or 0.2 million poor people out of a population of 0.8 million) of people living inside forest areas classified as protection forest are poor compared to 14.79 percent (or 2.1 million poor people out of 14.5 million people) in conservation forests.[7]

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[1] World Bank 2018a.

[2] World Bank 2018b.

[3] Badan Pusat Statistik (BPS), 2018.

[4] Badan Pusat Statistik (BPS).

[5] The term *adat* communities is often used to describe indigenous and other groups practicing communal or customary tenure.
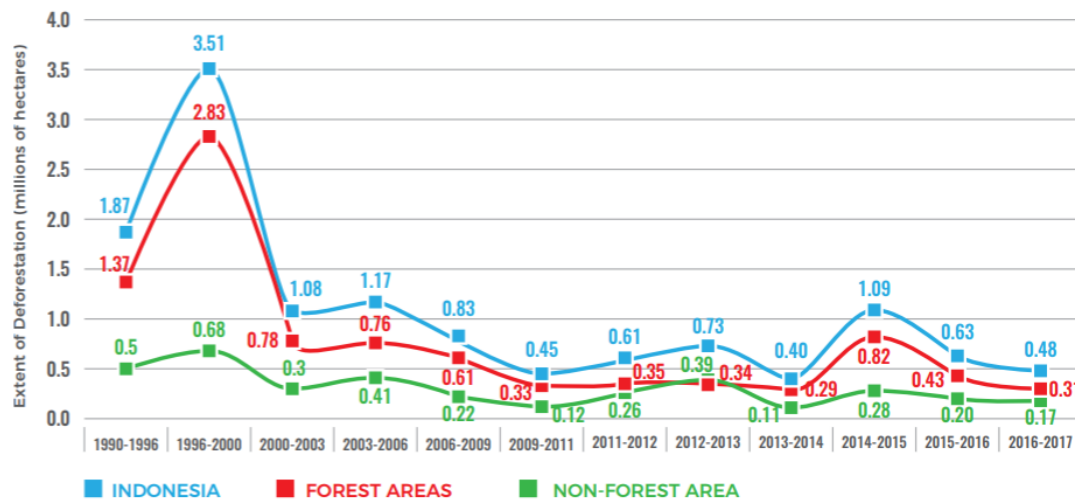
[6] Data are from the National Social and Economic Survey (*Survei Sosial Ekonomi Nasional*, SUSENA) and Village Census (*Pendataan Potensi Desa*, PODES).

[7] Indonesia's **Forest Areas (*Kawasan Hutan*)** are divided into three major classifications based on forest functions. **Protection Forest (*Hutan Lindung*)** is one of the three main types of forest area. Its main function is to serve as a buffer system so that water systems can be regulated, floods prevented, erosion controlled, seawater intrusion prevented, and soil fertility maintained. **Conservation Forest (*Hutan Konservasi*)** is one of the Forest Area's three main administrative classifications and is assigned to forests set aside for the purpose of conserving the diversity of plants and animals and their ecosystems. **Production Forest (*Hutan Produksi*)** is one of the three main types of Forest Area. Its main function is to produce forest products (MoEF 2018a).

3.   **Commodity-driven land conversion has been associated with high environmental costs from deforestation, forest degradation, and greenhouse gas (GHG) emissions.** While Indonesia has long been a major exporter and producer of timber products, in the last decade palm oil has become another major community export of the country. Agriculture, particularly oil palm, logging, and mineral extraction, together with rapid urbanization and housing development, have increased forest encroachment and conversion. Between 2010 and 2015, Indonesia had the second highest annual net loss of forest area in the world (after Brazil), equivalent to 684,000 hectares (ha) or 0.7 percent per year.[8] According to government figures, there has been a slow improvement in the rate of forest loss over time,[9] as shown in Figure 1. Despite the improvement, overall diminished forest cover, as well as rapid degradation of existing forests, led to reduced environmental services (such as biodiversity, carbon sequestration, and water provision) provided to the forest-dependent rural communities, further increasing the potential for poverty among these communities.[10] Land-use change, particularly land conversion involving land and forest fires, is also responsible for two-thirds of Indonesia's GHG emissions, the magnitude of which places the country among the top five GHG emitters globally.

Figure 1: Indonesia Deforestation Trends, 1999–2017 (millions of hectares)

Source: MoEF 2018a, Figure 3.2.

4.   **Indonesia is one of the world's mega-biodiverse countries, with rich mammal, bird, and plant species, many of which are endemic but endangered, and threatened by habitat destruction and illegal harvesting or poaching.** The country is home to iconic biodiversity such as Sumatran tiger, Sumatran and Javan rhinoceros, orangutan, Asian elephant, pangolin, anoa, babirusa, helmeted hornbill, yellow-crested cockatoo, and other parrot family species. Indonesia's lowlands areas, which cover extensive low-lying forest landscapes on the islands of Sumatra, Kalimantan, and Papua, support significant peat and mangrove ecosystems harboring rich fauna and flora species of global, regional, and local significance from both biodiversity and climate change perspectives. Unsustainable management of forest landscapes and resources constitutes a key threat to conservation of Indonesia's critical habitats important for globally significant biodiversity. Degradation and

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[8] FAO 2016.
[9] MoEF 2018a.
[10] UNEP / UNORCID 2015.

encroachment of these habitats, especially those under the conservation and protection forests,[11] create risks to some of the iconic biodiversity species. For example, a study on Riau estimated that from the early 1980s to 2007, the population of Sumatran elephants in the province declined by 84 percent, and of Sumatran tigers by 70 percent, due largely to fragmentation of natural habitats.[12] While there have been efforts to protect wildlife, more needs to be done to improve sustainable management of forest landscapes to reduce drivers of biodiversity loss from land conversion.

5.   **President Joko Widodo's *Nawa Cita*[13] vision emphasizes the links between economic growth, poverty reduction, and sustainable natural resource management.** Recognizing that reducing extreme poverty requires sustainable management of natural resources, including land and forests, and improving the rural economy broadly**,** the vision places agrarian reform as a foundation for national economic policy to reduce poverty and income gaps and create rural jobs. In the context of forest-dependant rural communities, improving clarity on forestland use and increasing community access rights are seen as key to improving the management and protection of forest resources while reducing poverty.

B. Sectoral and Institutional Context

I. Land and forest governance in Indonesia

6.   **Indonesia's land governance is characterized by a dualism in land administration practice.** Under the Forestry Law of 41/1999, the state, through the Ministry of Environment and Forestry (MoEF), determined areas that are to be functionally maintained as permanent forests. These areas are known as the Forest Areas (*Kawasan Hutan*). The Forestry Law also recognizes two types of forest within the Forest Areas (*Kawasan Hutan)*: (1) State Forest (*Hutan Negara*), or forest located on lands that have not been encumbered by any tenure right, and (2) Titled Forest (*Hutan Hak*), or forest located on lands that have been encumbered by a tenure right. The MoEF is responsible for managing the forest and administering the relationship between people and the forest in the forest areas (*Kawasan Hutan*), and management responsibility for all forest, including State Forest (*Hutan Negara*) and Titled Forest (*Hutan Hak*). This management responsibility forms the basis for the MoEF's issuance of the various types of forestry licenses and permits in State Forest (*Hutan Negara). * Under the Basic Agrarian Law 5/1960, the administration of all lands regardless of their land cover (including forest cover) is the responsibility of the state through the Ministry of Agrarian and Spatial Planning/National Land Agency (ATR/BPN), which oversees the registration of all land and the issuance of various types of land tenure rights.[14]

7.   **The dualism in land administration practice leads to unclear legal recognitions of land rights and tenure arrangements in forest areas.** In practice, this dualism has two important implications for the administration of forestland rights and tenure arrangements. First, partly because of the lack of sufficient data and maps, most of

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[11] 120.6 million ha, or 63 percent of the nation's entire land area designated as the Forest Areas (*Kawasan Hutan*). Most of Indonesia's remaining land area is made up of non-forestlands, known as Areas for Other Purposes (*Areal Penggunaan Lain*, or APL). The Forest Areas are managed in accordance with three functions. **Production Forests** (*Hutan Produksi*, HP) cover 68.8 million ha, or 57 percent of the Forest Area. **Conservation Forests** (*Hutan Konservasi*) cover 22.1 million ha, or 18 percent (with an additional 5.3 million ha of marine conservation areas). **Protection Forests** (*Hutan Lindung*) cover the remaining 29.7 million ha, or 25 percent (MoEF 2018a).
[12] Uryu et al. 2008.
[13] *Nawa Cita* is the President Joko Widodo's vision that consists of nine development priority agenda that would guide the National Medium Term Development Plan (RPJMN)
[14] Article 19 Law 5/1960 and Article 9 of Government Regulation 24/1997.

the Forest Areas (*Kawasan Hutan*) are in practice assumed to be State Forest (*Hutan Negara*); hence, the underlying lands are considered as state lands administered by the MoEF, and the forest *Kawasan Hutan*) boundaries are deemed to be state land boundaries, instead of functional boundaries (for example, boundaries required to maintain forest ecological functions). In the past, when a title of land belonging to a community located in *Kawasan Hutan* was to be issued, the MoEF would normally change the forest area designation for that land parcel into titled land,[15] in effect taking such titled land out of the designated forest area (*Kawasan Hutan*) and reassigning it as Areas for Other Purposes (*Areal Penggunaan Lain*, or APL). This practice took place even though the Forestry Law does in fact recognize the existence of Titled Forest (*Hutan Hak*), which may include Private Forest and *Adat* Forest (*Hutan Adat*), within *Kawasan Hutan*. As a result of the practice of forest areas being treated as MoEF-administered state lands, the ATR/BPN has also largely restricted its role to issuing land titles in APL (that is, outside *Kawasan Hutan*). Second, while the Forestry Law is often interpreted to regard the relationship between people and forest as one of land tenure as opposed to only forest tenure, the Basic Agrarian Law adopts the principle of horizontal separation, where the ownership or tenure of the land may differ from that of assets on the land. These different principles adopted by the two laws contribute to lack of clarity and to uncertainties in administering land rights and tenure arrangements in forest areas. Annex 3 further elaborates on the land tenure system under Indonesian law and highlights the issues of dualism in land administration in Indonesia.

8.   **The dualism in land administration practice impedes recognition of land rights for communities living in forest areas, limiting their access to resources and leading to land conflicts that simultaneously threaten the livelihoods of forest communities and contribute to forest loss and degradation.**[16] Given that all forest areas (*Kawasan Hutan*) have in practice been treated as state lands administered by the MoEF, community rights in these areas were in the past overruled by state control. This has led to long-term conflicts between communities (including adat groups) and the state. In many cases, asymmetric processes for recognition of forestland rights and use allocation have also led to conflicts between forest communities and private sector concessionaires that have been licensed to use forestland through forestry permits. A lack of effective conflict resolution systems results in persistent land conflicts, which make up about 60 percent of all legal cases in Indonesia.[17] This unclear recognition of community forestland rights and the presence of land conflicts also impede the Government's ability to effectively prevent agricultural expansion onto forestlands. Indeed, forestland conversion for cultivation purposes is generally seen as a way to secure direct returns to the community and lead to permanent property and resource rights. Some landholders, enabled by unclear boundary demarcation, use fires to clear land and burn beyond their concession boundaries as part of a land acquisition effort.

9.   **Improving community access to forestland use rights could contribute significantly to reducing land conflicts, optimizing land using planning, and protecting forest resources.** The clarification of boundary and land titles, which define use rights given to the underlying land, for communities in forest areas will provide more certainty in land governance, which is needed to enforce laws and regulations designed to manage land use. If implemented, the features of the Forestry Law that recognize the existence of Titled Forest within forest areas (*Kawasan Hutan*) could potentially provide a solution to tenure conflicts on lands located in such areas.[18]

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[15] Titled land means land that is encumbered by tenure right.

[16] Thorburn and Kull 2015.

[17] Utama and Irsan 2014.

[18] According to Constitutional Court ruling No. 35/2013, customary forests (*Hutan Adat*) were no longer part of State Forests (*Hutan*

II. Agrarian reform and social forestry in Indonesia

10. **Improving forest community livelihoods through tenure management has become a government priority.** In 2018, the Government of Indonesia (GOI) enacted Presidential Regulation 86/2018 on Agrarian Reform. The regulation is the follow-up to People's Consultative Assembly Decision Number IX/MPR/2001 prescribing the principles of a policy to maximize the benefits of natural resources for the welfare of the people and to rectify the disparity in land control. The policy includes redistribution of state lands, including those (4.1 million ha) deriving from *Kawasan Hutan* to the landless population with the goal of resolving conflicts and providing access to capital resources for earning a livelihood. The lands that become the object for redistribution and legalization are formally referred to as *Tanah Obyek Reforma Agraria* (TORA). TORA is defined as lands under state control for redistribution or community lands that need to be legalized. Article 7(1) (d) of the Presidential Regulation stipulates that when the TORA come from the State Forest (*Hutan Negara*), which is part of *Kawasan Hutan*, the land tenure can be transformed from state land to titled land without necessarily changing the functional status of the land, hence becoming Titled Forest (*Hutan Hak*). In practice, this could mean that the control of forest areas (*Kawasan Hutan*) could be transferred from the state to the community through community tenure, while such land remains designated as *Kawasan Hutan*, hence the need for community involvement in forest management. Within such a context, a forest management scheme that supports the communities in managing and using forests (that is, the Social Forestry Program) under different tenure types would be critical to both resolving the problems around overlapping tenure claims and at the same time maintaining forest cover.

11. **The Social Forestry Program (SFP) is considered a strategic approach to addressing the drivers of forest degradation, deforestation, and poverty, and contributes to the GOI's national poverty alleviation program.** The SFP, along with the overall agrarian reform (TORA), are integral components of the GOI's equitable economic policy. Launched in 2015, the policy aimed to reduce inequality by ensuring the availability of land for members of local communities, including *adat* communities, and the achievement of social justice in the use of forest resources by these communities throughout Indonesia.[19] Social forestry is an approach to forest management and protection that prioritizes social and environmental development through the restoration of degraded forestlands. The GOI aims to use the SFP to address the systemic poverty by selecting, demarcating, and registering lands in forest areas as community-managed, while simultaneously enhancing forest management and restoration in the buffer zones of critical protected areas. The latter is expected to help reduce the pressure to convert old-growth forest for agriculture and generate global environmental benefits (for example, conservation of the biodiversity of global significance and mitigating GHG emissions).

12. **Achieving the social forestry objectives and targets could play a key role in sustainable management of Indonesia' forests from the perspectives of land and forest fire prevention, climate change mitigation, and livelihood development.** In recent decades, Indonesia's forestlands have been significantly converted for the expansion of timber and agriculture, particularly food crops, and more recently oil palm plantations. Drainage-based agriculture, particularly on peatlands, has resulted in increasingly fire-prone landscapes, with significant costs to the Indonesian economy and the poor. Almost 80 percent the extensive 2015–16 fires occurred within

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Negara), which are Forest Areas (*Kawansan Hutan*) controlled by the state, as long as it is legally released or recognized by the government. Once the *Hutan Adat* is recognized, the area becomes Titled Forests (*Hutan Hak*). There are three types of Titled Forest: individual titled forest, legal entity titled forest, and *Adat* Forest.

[19] MoEF 2018a.

eight fire-prone lowland provinces.[20] Fires like that are also the major source of Indonesia's globally significant GHG emissions. As discussed in paragraphs 7 and 8, weak land administration and insecure tenures are a key driver of recurrent man-made land and forest fires. By creating more certainty for community land use rights and land tenures in forest areas, social forestry can contribute significantly to addressing a key driver of man-made fires and improving the enabling conditions for sustainable forest management.

13.   **The SFP also provides an opportunity for the GOI to engage communities and smallholder farmers in its biodiversity conservation effort.** By providing use rights to severely degraded forestland to communities, the SFP helps reduce the drivers of biodiversity loss by (i) supporting sustainable community-based forest management to increase forest cover, which in turn provides biodiversity dispersal or corridor benefits; and (ii) promoting forest-based micro- and small enterprise development to improve the livelihoods of forest-dependent communities, thereby reducing conversion pressure on intact forest habitats.[21]

III. Current implementation of the government's Social Forestry Program

14**. The current implementation of the SFP limits its scope to only the four types of schemes that facilitate community use of State Forest and excludes one scheme that supports communities in managing forests in *adat* and titled lands.** The four schemes that apply to State Forest, regulated under an MoEF decree,[22] include Community Forestry (*Hutan* Kemasyarakatan, HKm), Village Forestry (*Hutan Desa*, HD), Community Plantation Forest (*Hutan Tanaman Rakyat*, HTR), and Forestry Partnership (*Kemitraan Kehutanan*, *Kemitraan*) (Box 1). Customary Forest (*Hutan Adat*, HA), which applies to *adat* forests, and Community Forestry on Titled Land (*Hutan Rakyat*, HR), which applies to titled forests (forest on private lands), are not included (Box 1).[23] If *adat* and community forests were included, the SFP could contribute more to social inclusion in the broader national context, and it could strengthen the position of the Social Forestry initiative in supporting the minimization of land tenure conflicts in the forest areas, and to aligning with global good practices with regard to community participation in sustainable forest management. This inclusion will require the SFP to be open to land tenure assessment in the forest areas (which can be supported by the World Bank financed Program to Accelerate Agrarian Reform[24]), resulting in (i) titled forests for those lands whose tenure claims are proven to be legitimate, and (ii) Social Forestry Permits for those whose tenure claims do not meet the requirements for tenure rights. A further description on the need for collaboration between the SSF project and the World Bank's Program to Accelerate Agrarian Reform is presented in Annex 4.

[20] Riau, Jambi, South Sumatra, West Kalimantan, East Kalimantan, Central Kalimantan, South Kalimantan, and Papua.
[21] The proposed project does not address poaching and the illegal harvest of wildlife directly, these are however supported by a separate GEF grant being implemented by United Nations Development Programme (UNDP), through the Combatting Illegal and Unsustainable Trade in Endangered Species in Indonesia project. However, the proposed SSF project would would also reduce threats to wildlife by engaging communities in conservation and sustainable livelihood activities in forest areas. The proposed SSF project is also coordinating with projects and activities supported by the KfW/GiZ and Food and Agriculture Organization (FAO) that contribute to the strengthening the GOI's SSP, thereby, enhancing synergy and reducing duplications.
[22] Minister of Environment and Forestry regulation No. P.83/MENLHK/SETJEN/KUM.1/10/2016 on Social Forestry.
[23] The definition of Social Forestry includes Community Forest (Hutan Rakyat) and *Adat* Forest as the forms of Social Forestry schemes (Article 1 MoEF 83/2016).
[24] Program to Accelerate Agrarian Reform (One Map Project), IBRD Loan Number 8897-ID

Box 1: Social Forestry Schemes in Indonesia

1. **Community Forestry (*Hutan Kemasyarakatan*, HKm)** is a scheme to give forest access and capacity building tools to community groups so they can manage forests in a sustainable way. Areas targeted include production and protection forests that are not under license and have potential uses (for example, timber and non-timber forest products [NTFPs], environmental services [ecotourism, hydrology, carbon storage, and sequestration], medicinal plants, agrofishery, and agrosilvopastoral practices).

2. **Village Forestry (*Hutan Desa*, HD)** provides forest access to villages for sustainable management. Target locations for the HD scheme are production and protection forests that are not under license. Potential uses of the HD scheme are similar to those of HKm.

3. **Community Plantation Forests (*Hutan Tanaman Rakyat*, HTR)** are state forests that are managed by individuals or cooperatives to increase quality and potency of forest products (timber and NTFPs). HTRs have a maximum area of about 15 ha for each license holder or 700 ha for cooperatives. Individual license holders can form community groups to request a single license. The target location for HTRs is in production forests.

4. **Customary Forests (*Hutan Adat*, HA)** are located in *adat* community areas and managed by the communities' customary law (*masyarakat hukum adat*). Customary forests can be located in production or protection forests, on private land (outside forest estates), or in state forests. Potential uses under this scheme include timber and NTFPs (using local customary practices) or designating land for protection purposes. Customary law communities are legally recognized through regional regulations (*Peraturan Daerah*, PERDA).

5. **Forestry Partnerships (*Kemitraan Kehutanan*, Kemitraan)** are state forestlands managed by community groups or cooperatives to give access and direct benefit to local communities through capacity strengthening in cooperation with concession holders and forest management units (FMUs). Target locations for Kemitraan are areas under concession in production forest and in specific areas (*wilayah tertentu*) based on FMU management planning. Kemitraan can include uses of timber and NTFPs, environmental services, medicinal plants, silvofishery and agrosilvopasture.

6. **Community Forestry on Titled Land (*Hutan Rakyat*, HR)** is managed by community groups and cooperatives located on private lands. HR-designated areas can be used for timber, NTFPs, and environmental services.

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15.   **SFP activities have so far been principally financed through the MoEF's budget.** The 2015 to 2019 Social Forestry target to award social forestry permits covering 12.7 million ha was set by the National Medium-Term Development Plan (RPJMN) and the Ministry of Environment and Forestry 2015-2019 strategic plan (MoEF Regulation No. P.39/Menlhk-Setjen/2015). To achieve this target, the GOI has allocated central government budget funds to the Directorate General of Social Forestry under the MoEF for disbursement to communities through MoEF provincial offices, resulting in the expensed budgets of US$5.5 million in 2016 and US$3.5 million in 2017.[25] These expensed budget amounts were close to the allocated budget amounts for both years. In 2018, the allocated MoEF budget for social forestry jumped to around US$20 million.[26] While the data on how much of this 2018 budget was actually used have not yet been released, the increased allocation indicates the GOI's intention to expedite implementation of the SFP.[27]

16.   **Other budget and non-budget resources could be further leveraged to finance activities that lead to social forestry outcomes.** Apart from this GOI's budget allocation to the MoEF, there are two other budget-based instruments that could in principle be used for social forestry. First, communities can access revolving

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[25] *Source:* Ministry of Finance, Climate Budget Tagging Exercise, 2018.
[26] *Source:* Ministry of Finance, Climate Budget Tagging Exercise, 2018.
[27] As of November 2017, the Directorate General on Social Forestry and Environmental Partnerships at the MoEF presented a progress report on achieving the social forestry targets on almost 1.1 million ha. To achieve the social forestry targets of an additional 11.6 million ha by 2019, social forestry implementation will need to be expedited after 2017, which helps explain the significant increase in budget funds allocated for social forestry in 2018. See Fisher et al. (2018) for additional information.

funds under the Public Development Center for Forest Development Financing (P2H Center BLU) scheme, which is managed by the MoEF for activities related to timber and non-timber forest products and enterprises. For example, in the Blora District of the Central Java Province, the P2H Center BLU signed a loan agreement with members of three Community Forest Farmer Groups, comprising 35 farmers, to postpone the cutting of community forests, with a total loan commitment value of IDR 1,136,380,000.[28] In addition, an upcoming BLU on Climate Change and Reducing Emissions from Deforestation and Forest Degradation (REDD+), which is designed to accept results-based payments and will be operationalized in June, could also provide additional funding in the future.[29] Second, fiscal transfers from the central government's budget to local governments through various funds could finance activities that contribute to social forestry objectives. For example, provinces and districts can access funding from the Revenue Sharing Fund for Reforestation (*Dana Bagi Hasil Sumber Daya Alam Dana Reboisasi*, DBH DR) for reforestation and related facilitation activities,[30] while local communities in villages can access the Village Funds for social forestry activities, such as enterprise development, if they consider them a priority.[31] In addition to the budget-based financing instruments, Indonesia could also consider leveraging international climate finance, such as the Green Climate Fund, REDD+ financing, and bilateral aid; payment for ecosystem service schemes; and the issuance of green bonds as potential sources of financing for activities that could contribute to social forestry objectives.

17.   **Despite strong political support, implementation of the SFP has been slower than expected.** To date, the SFP has issued permits covering about 1.72 million ha (4,581 licenses, covering +/- 384,816 households).[32] The original target of 12.7 million ha, which was expected to be achieved by 2019, has been reduced to 4.38 million ha to reflect what might realistically be achieved within that time frame. A new target delivery date of 2024 has been set for accomplishing the 12.7 million ha target. This adjustment has been made due to various challenges the program has faced including the difficulties in identifying and transferring appropriate degraded forestlands; weak capacity at the community level to access information, markets, and technical assistance; and limited institutional capacity and incentives at the national and local government level in implementing the social forestry schemes.

18.   **To facilitate and expedite social forestry rollout, a number of regulations and tools have been established since 2015.** These include simplification of regulations and procedures on social forestry with technical implementation guidelines, and issuance of supporting ministerial regulations, including on social forestry (P83/2016), private forests (P32/2015), forestland tenure conflict management (P84/2015) and social forestry in *Perhutani* (state-owned company) areas (P39/2017) in Java. The MoEF also introduced corrective actions to help accelerate implementation of the SFP, providing supporting regulations and systems that include a web-based licensing system, Working Groups for the Acceleration of Social Forestry (POKJA PPS) at the provincial level, the social forestry site blueprint, and the Indicative Map of Social Forestry Area (*Peta Indicative Area Perhutanan Sosial*, PIAPS). The PIAPS is an online map that describes areas within state forest allocated for social forestry. The map is developed based on harmonization of existing maps of the MoEF with maps provided by nongovernmental organizations and civil society, including results of consultations with local government

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[28] https://blup3h.id/penandatanganan-perjanjian-pinjaman-blora/.

[29] https://www.recoftc.org/en/indonesia/projects/raft3-indonesia/news/linking-community-forestry-business-units-funding-sources.

[30] http://pattiro.org/2018/03/optimalisasi-penggunaan-dbh-dr-untuk-percepatan-perhutanan-sosial/?lang=en.

[31] https://climatepolicyinitiative.org/publication/indonesias-village-fund-an-important-lever-for-better-land-use-and-economic-growth-at-the-local-level/.

[32] MoEF 2018a.

and other stakeholders. PIAPS covers 13.9 million ha (of which the largest area is in Papua with 2.4 million ha, followed by Central Kalimantan with 1.8 million ha, Riau with 1.4 million ha, and West Kalimantan with 1.3 million ha).[33] The map will be revised every six months to adjust to expired or new community-based forest management permits.

19.   **Despite the existing tools and regulations to support social forestry, there are significant policy and regulatory gaps to be addressed to expedite and facilitate implementation of the SFP.** Despite being a national priority, the program still needs to be further internalized within the MoEF, and mainstreamed with other government agencies, as it is still largely perceived by many national-level government agencies as a sectoral program of the MoEF. Currently, a new national regulation in the form of Presidential Decree pertaining social forestry is being discussed. The new regulation is expected to strengthen coordination between the MoEF and multisectoral government agencies and mainstream the SFP into their programs. At the subnational level, the main challenges for social forestry implementation stem from the lack of direct authority and clear responsibility of districts in dealing with forestry issues due to the enactment of Law 23/2014 on local government, and from limited integration of community development objectives into forest mapping and spatial planning at the provincial and district level. However, there are existing district-level programs on poverty reduction, community empowerment, disaster management, and ecosystem restoration, which provide alternative implementation entry points to integrate the social forestry objectives.

20.   **While accelerating the issuance of social forestry licenses and strengthening the supportive policy and regulatory frameworks remain important, supporting the communities to sustainably use and manage the forest resources after receiving the permits is key to the success of the SFP.** The current implementation of the SFP provides limited support to strengthen the community's capacity to prepare social forestry license applications or for the required management plans. A critical "half" of the SFP that has been neglected is the support to enable diverse communities to sustainably manage forests after they have received the permits. The proposed project contributes to the SFP through strengthening policy, institutions, and community capacity; piloting specific schemes; and developing tools that could be readily scaled up to meet the GOI's ambitious target under the SFP. In addition, the current Social Forestry policy and program need significant strengthening beyond focusing on activities within the boundary of State Forest to include activities that also support social forestry activities on private lands, such as technical assistance for harvesting and managing private and community-owned forests. This expansion will allow social forestry to be fully implemented as an approach to forest management and protection that prioritizes socioeconomic development and environmental management through the restoration of degraded forestlands, including for global benefit.

21.   **In the recent global event of the COVID-19 outbreak, the Government of Indonesia faces an urgent challenge that the impact of COVID-19 crisis could significantly affect the environment and natural resources and the livelihoods of local communities who are dependent on these resources**. Based on the past crises including 1997/1998 financial crisis, where Indonesia was severely affected economically, it is evident that pressure on environment and natural resources significantly increased during and after the crisis, in particular land and forests. The Center for International Forestry Research (CIFOR) study on the impact of financial crisis to small farmers in five provinces (in Sumatra, Kalimantan and Sulawesi) revealed that there is a strong correlation between the financial crisis and loss of low skilled employment with encroachment of natural forests, where the farmers adopted mixed farming to complement their income from short-term cash especially food and crops. This trend will likely apply during or after the COVID-19 crisis, however, the difference now is

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[33] MoEF 2018a.

that the GoI has various policies, programs and mechanisms already in place to cope with the challenge, particularly to manage and deliver cash program including social safety net, village empowerment, moratorium of oil palm expansion, natural forest conversion, and access to land resources for small farmer through Agrarian Reform and Social Forestry.

22.   **A well targeted implementation of the current land use related policies and program could be directed to support economic recovery activities which could also introduce new innovations on sustainability and market access**. The achievement of the access reform side of the Agrarian Reform and Social Forestry Program (i.e., improved and sustainable livelihood from secured land rights) could be accelerated taking advantage of the crisis momentum. Various land utilization schemes such as land-use rights through the social forestry licenses could be used to provide the required lands for the economic recovery program. At the same time, new innovative ecosystem of digital platform to facilitate the marketplace, as well as impact investment and climate result-based financing mechanisms could be used to deliver the natural resource based economic recovery program. The Strengthening of Social Forestry in Indonesia Project (SSF) contribute**s** to tackle high unemployment in rural areas, for example through promoting business opportunities by providing financial and technical assistance including for farmers to access to finance, developing skills and creating and/or linking market for the forest-based products (timber and non-timber product, environmental services, etc.).

C. Relevance to Higher Level of Objectives

23.   **The overall design of the Strengthening of Social Forestry in Indonesia (SSF) Project is fully consistent with the objectives of the SFP, which is implemented by the GOI under the Agrarian Reform agenda.** As one of President Widodo's policy priorities, the GOI's SFP has three main objectives: (1) to provide access to forestland use rights to communities covering 12.7 million ha; (2) to increase forest cover in the degraded forestland allocated to social forestry; and (3) to improve community livelihoods, including by supporting development of community small and medium-sized enterprises (SMEs). This Global Environment Facility (GEF)-financed SSF project is designed to support these GOI's SFP objectives and bring value added by strengthening: (i) policy and regulatory framework, intra- and inter-ministerial coordination; (ii) capacity of national and subnational government institutions; (iii) capacity of local communities (including *adat* communities) by providing technical assistance to acquire the forestland use permits or to manage titled forests and business development plans; (iv) land information and inventory system that provides consistent and comprehensive information on land claims including adat claims inside forest areas, particularly in the SSF project sites, and using the information to resolve land conflicts[34].

24.   **As such, this proposed SSF project is an integral part of the overall GOI's SFP,** and will help address the critical challenges currently facing social forestry in Indonesia, including delays in issuing social forestry permits as well as capacity constraints of communities, government institutions, and nongovernment facilitators in both the pre- and post-permit stages. The lessons learned along with enhanced capacity of the GOI's SFP through this SSF project will enable the Director General of Social Forestry to scale-up its activities beyond the current target under the project, eventually improving outcomes toward the 12.7 million ha target of the overall SFP. To support this SSF project, the MoEF has allocated additional resources including a commitment of all Director Generals (DGs) under the minister's leadership within the MoEF to support project implementation. Considering that the proposed project would likely start its effective implementation in late 2019, it could also contribute to the mainstreaming of social forestry in the Medium-term National Development Plan (RPJMN) for 2020–2025.

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[34] The proposed project will not finance any activities related to criminal justice system, but will, through the provision of technical assistance, increase the capacity of communities to resolve dispute

25.   **This proposed SSF project is fully aligned with the World Bank Group's Country Partnership Framework (CPF) 2016–2020 for Indonesia discussed by the Board in December 2015, Report No. 99172.** Calling for forward-looking management of Indonesia's natural resources, the CPF supports sustainable landscape management and a policy reform agenda including improved land and forest governance and administration. Specifically, the proposed project would be part of the World Bank Group Sustainable Landscapes Management program in Indonesia. The Sustainable Landscapes Management program supports the GOI to sustainably manage high-value landscapes, and improve forest management.,

26.   **The proposed project would contribute to the objectives and strategies of GEF-6 on forest and biodiversity conservation.** The project would contribute to enhancing forest cover by rehabilitating degraded forestland in selected project areas into well-managed forest. The proposed project sites would generate environmental benefits including strengthening biodiversity conservation such as for critically endangered species (for example, orangutans and Sumatran tigers), reversing land degradation and sustainable forest management. Therefore, it would contribute to the GEF-6 Biodiversity Focal Area Objective 4 (Mainstreaming Biodiversity Conservation and Sustainable Use into Production Landscapes), especially Program 9 (Managing Human-Biodiversity Interface). The project would also contribute to the objectives of GEF-6 Land Degradation focal area and Sustainable Forest Management (SFM) objectives through increased forest area coverage and improving management/restoration of forestlands. It would also contribute to the SFM objectives, especially SFM-1 (Maintained Forest Resources: Reduce the pressures on high-conservation-value forests by addressing the drivers of deforestation); and SFM-2 (Enhanced Forest Management: Maintain flows for forest ecosystem services and improve resilience to climate change though SFM).

27.   **The project is consistent with the Indonesia's Biodiversity Strategy and Action Plan of 2015–2020, and with the Aichi Biodiversity Targets and Sustainable Development Goals (SDGs).** The project contributes to the objectives of Indonesia's Biodiversity Action Plan especially through the restoration of degraded forestland and conservation of important forest areas critical for biodiversity such as habitats for iconic Indonesian wildlife.[35] The project will also contribute to Aichi Biodiversity Targets 1, 7, 15, and 18.[36]

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[35] The project contributes to Indonesia's Second National Biodiversity Strategies and Action Plan (NBSAP) dated 2004, which is 15 years old. However, Indonesia recently launched it updated Indonesian Biodiversity Strategy and Action Plan (IBSAP). The project would contribute to the IBSAP and the design will incorporate its objectives. The project is also consistent with the 2015 National Report to the Convention on Biological Diversity (https://www.cbd.int/doc/world/id/id-nr-05-en.pdf). The report notes that social forestry is an important GOI program to address land degradation, and strengthen biodiversity conservation, adaptation to climate change, and mitigation objectives. The need to both reduce deforestation, land degradation, and biodiversity losses, and to strengthen rehabilitation through mainstreaming programs such as social forestry, is recognized. Furthermore, the 2015 GOI-supported Indonesia Land Degradation Neutrality report also notes Indonesia's program for addressing land degradation, which is consistent with the proposed project. One of the most important national policy references to social forestry is to be found in Indonesia's Nationally Determined Contribution (NDC).

[36] The 10th meeting of the Conference of the Parties, held in October 2010, in Nagoya (Aichi Prefecture in Japan), adopted a revised and updated Strategic Plan for Biodiversity, including the Aichi Biodiversity Targets, for 2011–20. It is a 10-year framework for action by all countries and stakeholders to save biodiversity and enhance its benefits for people. The proposed project would contribute to the following targets: (i) Target 1 – by 2020, at the latest, people are aware of the values of biodiversity and the steps they can take to conserve and use it sustainably; (ii) Target 7 – by 2020, areas under agriculture, aquaculture, and forestry are managed sustainably, ensuring conservation of biodiversity; (iii) Target 15 – by 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks have been enhanced; and (iv) Target 18 – by 2020, the traditional knowledge, innovations, and practices of indigenous and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources, are respected.

28. **The SSF project's innovation is inherent in its integration with the Bank's overall engagement in the Sustainable Landscape Program, especially with the World Bank financed Program to Accelerate Agrarian Reform, the World Bank financed Forest Investment Program, the Dedicated Grant Mechanism, and REDD+.** The SSF project has a strong synergy with the national base-mapping exercise and forest boundary definition under the World Bank financed Program to Accelerate Agrarian Reform, which collects information on the location and boundary of forests in priority biodiversity-rich and fire-prone areas. Given that effective implementation of the GOI's SSP requires accurate and agreed information on the boundaries and locations of degraded forests, as well as improved procedures to expedite transfer of use rights of lands to communities, strong links between the SSF project and the World Bank financed Program to Accelerate Agrarian Reform will enable the GOI to significantly advance their social forestry objectives. For example, the SSF project would go beyond mapping to provision of use rights, tools, and resources for communities to develop and implement management plans to sustainably mange the land to increase forest cover and generate environmental services including biodiversity, climate mitigation, and land degradation.

29. **In addition, the project contributes directly to Indonesia's national climate policy objectives.** For climate change mitigation, social forestry will contribute to reducing GHG emissions in the land use sector by reducing deforestation and forest degradation, restoring ecosystem functions, and promoting sustainable forest management.[37] Certainty of spatial planning and land use, as well as land tenure security, are also considered enabling conditions for strengthening climate resilience in Indonesia.[38] Increased tenure security and land use clarity through social forestry activities would provide incentives for households and communities to adopt climate-resilient agricultural practices through long-term investments, thus contributing to strengthening the capacity of these communities to adapt to climate change.[39]

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

30. **The Project Development Objective (PDO) is** *to improve access to forest land use rights and strengthen community management in selected priority areas allocated for social forestry.* The objective would be achieved by providing technical assistance to communities, the GOI, and nongovernmental and community organizations serving as facilitators of social forestry, formalizing land use rights, and supporting activities to restore priority degraded forestlands and improve livelihoods, while generating valuable knowledge and lessons to contribute to the Social Forestry Program (SFP).

PDO Level Indicators

31. **Four PDO level indicators have been agreed:**
    - Area under social forestry schemes with social forestry permit accorded to communities (ha)
    - Land area under sustainable landscape management practices (ha)
    - GHG emissions mitigated (MtCO$_2$e)
    - People in targeted forest and adjacent communities with increased monetary or nonmonetary benefits from forests (percent of which are women)

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[37] GOI (2006). Nationally Determined Contributions (NDCs – UNFCCC).
[38] GOI (2006). Nationally Determined Contributions (NDCs – UNFCCC).
[39] Quan and Dyer 2008.

B. Project Components

**Component 1 – Policy and institutional strengthening to support social forestry (Total: US$19.235 million of which GEF financing: US$6,256,583):**

32.   **The objective of this component is to create an enabling environment for the successful development and strengthening of social forestry in Indonesia, and to allow for future sustainable scale-up of activities.** There are three subcomponents.

33.   **Subcomponent 1.1: Policy and regulations.** The objective of this subcomponent is to support the MoEF in developing and harmonizing the relevant policies, regulations, and procedures to expedite and facilitate implementation of the SFP. This subcomponent would also support mainstreaming social forestry objectives in other relevant sectoral policies and programs. Key activities include (i) supporting the development of subnational level policies and regulations at the provincial, district, and village levels that are consistent with SFP objectives; (ii) supporting the village and provincial development planning process and associated policies and guidelines to include social forestry; (iii) strengthening the fiscal policy framework for decentralized fiscal transfers to facilitate the incorporation of social forestry as one of the key activities eligible for receiving future financing from national village funding instruments (such as the Revenue Sharing Fund for Reforestation [DBH DR][40]; and the Village Fund); (iv) strengthening the policy and regulatory framework consistent with the GOI's agrarian reforms policies to maximize synergy and impact; and (v) developing the method/regulations required to officially guide the preparation of sustainable forest management plans, the approval process for these plans by the appropriate authorities, and the supervision and monitoring procedures for their implementation.

34.   **Subcomponent 1.2: Institutional strengthening.** The objective of this subcomponent is to develop the institutional capacity at the appropriate levels of government to promote the SFP activities consistent with the proposed project objectives. It will allow for the sustainable management of the forestry resources by the users while providing income generating opportunities. Key activities include (i) establishment of provincial Social Forestry Task Forces consistent with the prevailing regulations; (ii) supporting the Social Forestry Task Forces and MoEF Conflict Units in five regions to ensure that conflicts and grievances are addressed expeditiously and consistently with the government's laws and regulations. The project will also support the MoEF under subcomponent 1.3 in compiling information and creating an inventory of land claims inside forest areas, particularly in the SSF project locations, as part of strengthening the MoEF's Indicative Map of Social Forestry Area (_Peta Indikatif dan Area Perhutanan Sosial_, PIAPS) validation processes and the Social Forestry Navigating System (see Subcomponent 1.3); (iii) supporting establishment of village forest institutions (_Lembaga Pengelolaan Hutan Desa_) and forest farmers groups (_Kelompok Tani Hutan_), which are critical elements in the GOI's various social forestry schemes; (iv) strengthening the institutional framework, both in terms of institutional arrangements and implementation capacity, to expedite the issuance of the appropriate land tenure and use rights to village associations, farmers groups, and communities; (v) developing the capacity within government institutions to review, recommend, and approve the management plans and then supervise (and, if necessary, control), the plan implementation; and (vi) strengthening the existing technical assistance support system to forest-dependent communities to promote livelihood options that protect forest sustainability.

35.   **Subcomponent 1.3: Knowledge generation and management and technical assistance.** This subcomponent is expected to generate lessons learned to date from social forestry in Indonesia and to draw lessons from other countries to contribute to the achievement of the project objective. This subcomponent is also expected to assess and address the capacity needs at the government and community level for effective implementation of the Social Forestry Program, including by supporting the creation of social forestry networks,

and strengthening sustainable livelihood models. This subcomponent would also strengthen the MoEF's Indicative Map of Social Forestry Area (*Peta Indikatif dan Area Perhutanan Sosial*, PIAPS), which is a map and technical field verification data used before issuance of use rights and permits, and the Social Forestry Navigating System (SINAV), which is a database (with georeferencing and detailed information about permit holders, activities, and other relevant information) of the social forestry area after the permits are issued.

36.   **There are five phases to be fulfilled for a successful social forestry program, and these are** (i) enabling condition/conflict resolution; (ii) licensing processes or legality; (iii) institutional development and strengthening; (iv) forest area management development; and (v) business development. According to the initial capacity needs assessment against the phases, policy and institutional strengthening are the most needed capacity at the field level that is only partly available to establish sufficient enabling condition/conflict resolution/licensing to successfully implement the social forestry program.

37.   **The key activities include** (i) strengthening the MoEF's Indicative Map of Social Forestry Area (*Peta Indikatif dan Area Perhutanan Sosial*, PIAPS) and the SINAV, including both physical capacity (for example, creation of visual maps, computing, staff, and other physical resources) and business processes for storing/retrieval/reporting of social forestry maps, inventory of land conflict areas/information, social forestry schemes, approved management plans, and monitoring their implementation; (ii) technical assistance and knowledge management at the village/community level, particularly knowledge sharing among farmers and from farmers to districts and provinces; (iii) technical assistance and knowledge management at the district, province, and national levels; (iv) facilitation of knowledge exchange including through the establishment of cooperation with related projects such as the World Bank-financed Forest Investment Program (FIP) that has developed a knowledge management information system and e-learning for FMUs through its National Project Management Unit (NPMU). Identification of potential conflicts (or potential risks to the project) will provide information that can be presented to the National Steering Committee, thus sharing lessons learned to support scaling up the project approach to the broader "landscape" coverage of the district and to the overall PIAPS. The implementation arrangement and roles and responsibilities of each entity will be detailed and clarified in the Project Operations Manual[41](POM) to facilitate knowledge exchange and sharing of experience and lessons including peer-to-peer learning.

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[40] According to the Ministry of Finance, the Revenue Sharing Fund for Reforestation (*Dana Bagi Hasil Sumber Daya Alam Dana Reboisasi*, DBH) originated from the State Budget, which made allocations to regions based on a determined percentage to finance regions' needs in executing decentralization. The Village Fund, according to Government Regulation Nr. 60/2014 on Village Fund Originated from State Budget, is allocated for Villages through Regional Budgets (AOBD), to finance regional governance, development, community development, and community empowerment. Note that Project will only finance technical assistance under this subcomponent; the funds will not be capitalized.

[41] The Project Operations Manual (POM) has been prepared to provide guidance on the overall implementation of the Project and to assist the Project Management Unit (PMU) at the national and subnational levels under the MoEF, Steering Committee, Technical Committee and all other relevant institutions and stakeholders, engaged in the project implementation. The Manual is consistent with the Project Appraisal Document, Indonesian policies and procedures relevant to the Project. The POM provides detailed guidance on how the project activities should be implemented, role and responsibilities of all relevant institution and project personnel involved in the project implementation; and ensure the project implementation is in accordance with the requirement of procurement, financial management, environment and social risk management. The POM will also provide detail guidance on the implementation of activities supported under Subcomponent 2.2 and 2.) through community block grant.

Component 2 – Strengthening community management within social forestry (Total: US$84.837 million of which GEF financing: US$7,076,042):

38.   **The objective of this component is to support the effective and efficient implementation of the SFP.** The objective would be achieved through the following three subcomponents.

39.   **Subcomponent 2.1: Management planning.** The subcomponent would facilitate and provide technical assistance to communities in formulating sustainable forest management plans. The key activities include (i) technical assistance to communities to develop an initial roadmap for the registration process and receipt of the appropriate land tenure right or use license; (ii) technical assistance to map and demarcate the boundary of community plots for which tenure rights or social forestry permits will be requested,[42] and to implement land zoning of different uses after the issuance of appropriate legal entitlement. In collaboration with relevant authorities in selected SSF project sites, the mapping will include the demarcation of the boundary between forest and non-forest areas in a 1:5,000 scale, and such mapping data and information will help refine the MoEF's PIAPS. While the total area under the SSF project is approximately 300,000 ha, which is a fraction of the total PIAPS area, the lessons learned from the project, including bringing a multisectoral coordination approach, would strengthen and help refine the MoEF's PIAPS; and (iii) technical assistance to develop, through a participatory process, village forest management plans and improve management of village associations and farmer groups involved in social forestry.

40.   **Subcomponent 2.2: Development of sustainable livelihood models.** The proposed project would support the development and/or strengthening of sustainable livelihood models in the communities consistent with the management plans described above. The project would provide technical assistance (TA) for sustainable livelihood activities, which include production, harvest, processing, marketing, and promotion of relevant sustainable products and services. The mechanism of support is through provision of block grants to communities along with technical assistance. Other activities will include, but not limited to, developing business plans for the social forestry area (rolling plans), ongoing identification of potential products and services, and strengthening the system for provision of technical and business development experts to support communities and groups, for example, in developing financing proposals and plans, databases, processes, supporting the establishment of nurseries, cooperative and village-owned businesses (*Koperasi and BumDes*) for collecting and marketing household business products, certification of village products and business and marketing of village products through other business chain or digital market.

41.   **Subcomponent 2.3: Development and implementation of priority community investments.** The proposed subcomponent would support communities/farmers groups in (i) implementing the management plans developed above; and (ii) developing and implementing priority community investments consistent with the management plans prepared with the project support in Subcomponent 2.1 through community block grants. Investments selected for the grants are expected to enhance the sustainable management of the forest areas including increase in forest quality in degraded lands to provide biodiversity dispersal and wildlife corridor benefits and socioeconomic well-being of the villagers. The block grant would support activities, among others, enrichment planting or restoring degraded land with high or commercial semi-mature Multi-Purpose Tree

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[42] The project will support the mapping and demarcation of social forestry plots within the area that have already been identified as part of the indicative map of social forestry area (*Peta Indicative Area Perhutanan Sosial*, PIAPS), or areas under TORA processes whose lands are to be released from state forest, but where maintaining or rehabilitating forest cover is identified as a necessity in the project's Environmental and Social Management Framework.

Species (MPTS), improving forest-based businesses (e.g., NTFP such as rattan, bamboo products, coffee and tea, commercial and high demand fruits), certification and marketing of agriculture/NTFP/timber produced by the community and digital community based business network. Outgrower schemes that enable farmers in a wider area to utilize a single facility and collective contractual arrangements may be used where appropriate, for example, ones with relative proximity to processing mills, and this would be identified during the development of the business opportunities for enterprise development. Additional details regarding the provision of block grants to communities under subcomponents 2.2 and 2.3 will be provided in the Community Grant Sub-Manual as part of the Project Operations Manual (POM), including eligibility and selection criteria

Component 3 – Project management and monitoring and evaluation (Total: US$5.358 million of which GEF financing: US$985,284)

42.   **The objective of this component is to ensure effective and efficient implementation of project activities in order to achieve the PDO.** This component will finance technical and operational assistance to support Project implementation, including coordination, technical matters, procurement, financial management, social and environmental safeguards, monitoring and evaluation, and reporting.

C. Project Beneficiaries

43.   **The project will benefit three main groups of beneficiaries.** First, the project directly benefits 150,000 people living in the priority project areas by providing them with technical assistance to acquire forestland use rights through social forestry permits, and to develop and implement forest management and enterprise development plans after receiving the permits. Indirect project beneficiaries are the over 1,500,000 people living in or around the broader landscape of the project sites. The local community beneficiaries comprise forest dwellers and users, indigenous peoples, and those organized as forest user groups under the Social Forestry Law, such as village associations, farmer groups, cooperatives, or other small enterprise entities. Second, the project strengthens capacity of government agencies at the national and subnational levels to expedite implementation of the GOI's SFP. Key government beneficiaries include national level agencies, the provincial social forestry task forces, and forest management units (FMUs), which are expected to play a key coordinating role for social forestry implementation at the local level. Third, the project will provide technical assistance to nongovernmental social forestry facilitators such as Non-Governmental Organizations (NGOs) and Community-Based Organizations (CBOs) so that they can effectively support social forestry objectives.

44.   **A set of criteria has been agreed for selecting priority sites for project interventions:**
1. Global biodiversity values
2. Local governments' commitment
3. The existence of a Working Group on Social Forestry
4. The existence of local partners (such as FMUs, field facilitators, or NGOs/CBOs)
5. Land type diversity and social forestry scheme
6. Existing and potential micro and small business development opportunities
7. Potential areas that are included in the Indicative Map of Social Forestry Areas (PIAPS)
8. Contribution to climate change mitigation through GHG emission reduction.

45.   **The project has selected six sites based on the above criteria, with the possibility of scaling up to other sites by leveraging various funding resources, such as from the government budget (APBN and APBD), private sectors, NGOs/CSOs and development partners.** The selected six sites are (1) South Lampung District, Lampung Province; (2) Limapuluh Kota District, West Sumatra Province; (3) Bima Municipality, West Nusa Tenggara Province; (4) Bima District, West Nusa Tenggara by also leveraging funding resources from the Province; (5)

Dompu District, West Nusa Tenggara Province; and (6) West Halmahera District, Maluku Province. Four of the six social forestry permits available in these areas are Village Forest (*Hutan Desa*, HD), Community Forest (*Hutan Kemasyarakatan*, HKm), Community Plantation Forest (*Hutan Tanaman Rakyat*, HTR), and Forestry Partnership (*Kemitraan Kehutanan*, KK). (See Annex 5 for details.) Project support will be tailored to site-specific conditions in terms of progress in the issuance of social forestry permits, forest classification, and forest degradation status, and current capacity in forest management and enterprise development. In addition to the four schemes, the project would provide support in reviewing and/or amending policies and regulations, and technical assistance, especially at the subnational level, to promote two other social forestry schemes – *Hutan Adat* and *Hutan Rakyat.* A seventh site is reserved for pilot testing of technical assistance support to management of titled forest, which could be either Community Forest (*Hutan Rakyat*, HR) or Adat Forest (*Hutan Adat*, HA). This site is to be collaboratively determined, including in consultation with representatives of the line ministries in the National Steering Committee and based on the above-mentioned site selection criteria.

46.   **The total area from the six sites selected for the project is estimated at around 300,000 ha of forest area.** One-hundred twenty-seven (127) permits have been issued in all project areas, covering approximately 76,562 ha. The plan is to issue 374 permits for the remaining project areas of 225,935 ha. (See Annex 5 for details.) Those who have already received permits will be targeted for technical capacity building for sustainable forest management activities, such as agroforestry, sustainable harvesting, land management, ecosystem restoration, conflict management, and green economic practices, and for sustainable livelihood activities, such as product processing, investment, marketing, and quality safeguards. Those who have not received social forestry permits will be helped to obtain the permits from the MoEF. Once they receive permits, they will receive the same capacity building activities as the first group.

47.   **The project sites are composed of four forest classifications:** protection forest (183,910 ha), production forest (74,607 ha), limited production forest (38,592 ha), and conversion forest (5,387 ha). The extent of forest degradation varies across these four areas. Forest degradation typically occurs most in conversion forest, which is targeted for land use change, and production forest, where forest resources were used for economic activities.

48.   **The selected project sites cover areas of high biodiversity value.** These include (1) South Lampung District (Kabupaten Lampung Selatan), located close to protection forests, which are habitat for Sumatran clouded leopards (an International Union for Conservation of Nature [IUCN] critically endangered species) and Sumatran gibbons (an Indonesian protected species); (2) Kabupaten Bima dan Dompu, located near the Tambora National Park where Flores hawked eagles (an IUCN critically endangered species) are found; and (3) West Halmahera District (Halmahera Barat), located close to the protection forest of Halmahera where Cockatoo Albas (an IUCN threatened species) are found. The biodiversity status of the remaining selected areas requires further field assessment and will be reported during project implementation.

D. Results Chain

49.   **The overall project design is guided by the following theory of change (Table 1), which describes the alignment of activities needed to achieve the expected results of this project leading to the outputs as a result of the implementation of the project, and where the uptake and use of outputs are expected to lead to project level outcomes and impact.** The incremental value of the proposed GEF-supported activities contributes to strengthening policy and institutions, community capacity, piloting specific schemes, and developing tools that could be readily scaled up to meet the GOI's ambitious target under the SFP. More specifically, its support to activities that also support social forestry activities in private lands, such as technical assistance for harvesting and managing private and community-owned forests, allows the project to go beyond the boundary of State Forest.

This expansion will allow social forestry to be fully implemented as an approach to forest management and protection that prioritizes socioeconomic development and environmental management through the restoration of degraded forestlands to generate global environmental benefit besides local and regional benefits.

Table 1: Theory of Change – the Strengthening of Social Forestry in Indonesia Project

Activities	Outputs	PDO Outcomes	Impact
1. Policy and Institutional Strengthening to Support Social Forestry	Harmonized relevant policies, regulations, and procedures to expedite and facilitate implementation of the GOI's Social Forestry Program (SFP). Strengthened Institutional capacity of GOI to promote the SFP. Increased knowledge generation and management at district level	1. An enabling environment is created for the successful development and strengthening of Social Forestry in Indonesia.	1. Improved sustainable management and protection of forest resources.
2. Strengthening Community Management within Social Forestry	Improved capacity of communities in formulating sustainable forest management plans. Strengthened community enterprises to implement sustainable livelihood models. Improved capacity of communities/farmers groups to develop and implement community livelihood investment.	2. Effective and efficient implementation of the SFP for enhancement of the sustainable management of the forest areas and socioeconomic well-being of the villagers.	2. Increased area of production landscapes that integrate conservation and sustainable use of biodiversity into management.
3. Effective and Efficient Project Implementation of the Project Activities (project management, M&E)	Strengthened capacity for project implementation and monitoring of the selected social forestry groups, social forestry facilitators, and government agencies to expedite implementation of the GOI's SFP.	3. Improved project management capacity to implement the SFP.	

E. Rationale for Bank Involvement and Role of Partners

50.   **Rationale for World Bank involvement.** The GOI and World Bank have a long partnership in poverty alleviation and sustainable development. Consistent with its Climate Action Plan and Forest Action Plan, the World Bank has also been supporting the GOI in achieving the GOI's climate change commitments. Under the Sustainable Landscape Management Program, the World Bank has been supporting the GOI with analytics, technical assistance, and investment projects to better manage its resources and promote sustainable development practices including in agriculture, water, environment and natural resources management, and land sectors. On natural resource management, the GOI and World Bank are working together on the Promoting Sustainable Community Based Natural Resource Management and Institutional Development (FIP-2) project to provide TA to enhance decentralized forest management and provide TA and financial resources to communities to generate improved forest-based livelihoods (see paragraph 40). In fact, the Directorate General of Social Forestry and Environmental Partnership is one of the implementing partners of FIP-2. In addition, the World Bank has been supporting the GOI in the development of two jurisdictional programs (Jambi and East Kalimantan) to pilot activities to generate emission reduction benefits consistent with its Nationally Determined Contribution to not only meet its international commitment but also to access REDD+ financing. The World Bank's support in the forest sector globally presents an opportunity to draw on lessons and experiences from different countries and will be particularly useful for lessons on community forest management, small and micro-enterprise development at the community level, sustainable livelihood activities, conservation and sustainable management of habitats including protected areas and wildlife, and fostering access to credit. The World Bank also has a long history of

supporting national and local initiatives to establish sustainable financing mechanisms for conservation such as through conservation trust funds, payment for environmental services mechanisms, and fiscal measures. These experiences will be valuable in designing and implementing the proposed project.

51.   **Role of partners.** The GOI has requested all its development partners to support its effort in achieving the ambitious target of 12.7 million ha for the Social Forestry Program, providing access and use rights to the local communities to manage forest land and resources. Several development partners have joined hands with the GOI to assist the GOI to implement this program including the Government of Germany and the World Bank. The Government of Germany's support through the KfW is focused on East Java, West Nusa Tenggara, and East Nusa Tenggara. The €11.5 million project, which is under implementation, will support implementation of social forestry schemes to ensure sustainability to draw lessons for replication. The focus will be on supporting the implementation of activities post-permit issuance. It will help communities in developing enterprises for improving livelihood and ensuring sustainability. While the SSF project is also supporting activities in these provinces, there is no site-level overlap between the SSF project and the KfW-financed project. The World Bank and KfW are coordinating closely on these complementary programs.

F. Lessons Learned and Reflected in the Project Design

52.   **Globally, there is evidence to suggest that when communities have a clear stake and role in forest tenure and management, it could result in better forest quality over the long term.**[43] Countries have long experimented with various arrangements to include communities in the ownership and management of forests and protected areas, moving away from a purely concession and centralized management approach toward more collaborative arrangements. Examples from experience in Albania, Bangladesh, Brazil, India, Mexico, and other countries demonstrate that community management arrangements are successful when adapted to local conditions without compromising the spirit of partnership. Allocation of forest resources and collaborative management is at the core of the SFP. Community-led implementation of income generating activities also helps reduce pressure on forests. For example, the Bangladesh Climate Resilient Participatory Afforestation and Reforestation Project supported income generating activities for the most vulnerable communities, which reported an increase in income of at least 30 percent for participants. In this context, the project will also incorporate experience and lessons learned from the approaches used by the Forest and Farm Facility and tap into their network for creation of association and service provision.[44]

53.   **Apart from the global experience, the project design is also informed by valuable lessons learned from current and past World Bank-supported activities in Indonesia and the GOI's review of Social Forestry Program implementation to date.** Under the Sustainable Landscape Management Program, the World Bank has been supporting a number of analytics including lowlands governance, alternative crops in lowlands, land rights, tenure and social forestry, and poverty in forest areas. In addition, the MoEF conducted a study to draw lessons from existing schemes under implementation that highlights 50 good practice examples. First, communities need sustained technical assistance prior to and after the issuance of permits to ensure the achievement of social forestry objectives including conservation and socioeconomic benefits. A well-developed forest management plan consistent with the medium-term Village Development Plans (RPJMDes) is needed to ensure that the communities' initiatives after receiving social forestry permits, including boundary demarcation, resources

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[43] Pagdee, Kim, and Daugherty 2006.
[44] http://www.fao.org/partnerships/forest-farm-facility/en/.

inventory, and infrastructure developments, could optimize access to various sources of funding such as the Village Fund managed by the Ministry of Villages (Kemendes). Second, the forest management plan is also required to mitigate the potential elite capture risk by ensuring better management of the shared forest resources and fair benefit sharing arrangements. Third, after receiving the permits, a business plan for microenterprise development and skills building, including inventory, harvesting techniques, value addition, and marketing, is required for the communities to develop sustainable agroforestry products.[45] Fourth, facilitators are important for communities in preparing proposals for the SFP. Even more important is the need for facilitators to have strong knowledge and skills to work with villagers. Therefore, providing training to facilitators is critical. The project will ensure that all of these lessons learned are addressed in project design through appropriate technical support and training activities.

54.   **Experience with land governance in Indonesia suggests that well-coordinated support by various relevant agencies at the national and subnational levels is key to ensure effective implementation of the Social Forestry Program, particularly in addressing policies related to aspects of the program.** Well-synchronized and coordinated support by various partners is key in avoiding duplication of activities and inefficiencies and maximizing social forestry benefits. The GOI's current program to resolve the existing land occupation in forest areas (known as the PPTKH) through Presidential Regulation 88/2017, as well as the new Presidential Regulation 86/2018 on Agrarian Reform, provide opportunities to accelerate the identification of suitable sites. Synergy among the PIAPS, PPTKH, and TORA processes will be key to ensuring the balance between providing access or assets to the community and protecting and restoring the forest ecosystem's health. This project is designed to promote the needed interagency coordination and synergy.

55.   **The project will focus on mitigating potential elite capture, which could occur in the context of management of common pool resources such as community forest.** The project does not involve benefit sharing in the sense of collective "profits" to be managed or distributed to a collective on a landscape scale. However, access to participate is a guiding tenant, and guidance and training are to be provided to ensure access to marginal groups to avoid elite capture. The distribution of income within the participating groups (community enterprise groups and/or farmer groups) will be addressed through the groups' governance arrangements. Group structure, regulation, and dynamics form part of the training and development provided to these groups of community members as part of the FMU facilitators' role, to be supported under this SSF project.

56.   **For project implementation, Forest Management Units (FMUs) could play an important role in coordinating support to social forestry, building on key lessons from the the World Bank-supported FIP-2 project.** As part of its mandates, the FMUs are expected to improve forest administration and use of forestland by aligning participatory forestland use planning with subnational spatial plans, boundary demarcation, monitoring and evaluation on performance in forest management by license holders within their designated area, forest rehabilitation, reclamation, protection, and nature conservation. For social forestry, FMUs could play an important role in facilitating needed coordination across government agencies and between the social forestry schemes and the private sector. In doing so, FMUs can learn from the FIP project, led by the MoEF, on the eminent roles that FMUs have played through that project in facilitation and coordination with local stakeholders, including communities inside and around the FMU area, license holders, local industries, and other stakeholders. In addition, the World Bank has initiated an important engagement with the indigenous peoples and local

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[45] Currently, none of the villages had a well-developed forest management plan or a business plan for post-certificate economic activities. There is also a lack of understanding about business inventory and no formal agreement on who harvests how much and when among the villagers sharing a social forestry certificate.

communities through the Dedicated Grant Mechanism project, which is a demand-driven delivery mechanism to strengthen their capacity to meaningfully engage in the tenure security process and livelihood opportunities, specifically to support these groups to obtain secure and equitable access to and control over forest and agricultural land. In practice, this FIP project will provide on-the-ground support (technical assistance, investment, and so forth) and experiences that would contribute to the achievement of the SFP in reducing deforestation and forest degradation and improving livelihoods. However, FMUs will need substantial capacity building support to implement additional activities related to social forestry. For this, the project will build FMU capacity for providing technical assistance to communities and farmers groups in implementing management and enterprise development plans. The project is coordinated with the FIP-financed projects under implementation through Asian Development Bank and World Bank support, whose objectives are to strengthen FMUs and community capacity including in promoting the GOI's SFP.

57.   **To move forward with the project implementation, environmental and social risk management has been designed in the project's Environmental and Social Framework (ESF).** Good environmental and social management support through advice and tools can help address some of the potential project risks. The World Bank financed Program to Accelerate Agrarian Reform includes a risk-screening process to ensure that each area targeted by the project is properly assessed in terms of existing social and environmental concerns (for example, ongoing tenure conflicts, or the presence of High Conservation Areas to be protected). The process then requires that the identified different levels and types of risks be properly mitigated through the channeling of the different risk cases through the appropriate resolution and follow-up paths. Under the new ESF, this project will develop a Commitment Plan, meeting Bank requirements and ensuring the MoEF and in particular the FMUs that will directly manage the community- and forest-level activities needs for social and environmental support are represented.

I. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

58.   **Overall arrangement:** The project will have a **National Steering Committee (NSC)** chaired by the Director General of Social Forestry and Environmental Partnership (DGSF) with members will include, but not limited to, Echelon I level officials representing the MoEF, including the Extension and Human Resources Development Agency, Ministry of National Planning and Development (BAPPENAS), Ministry of Home Affairs (KEMENDAGRI/MoHA), Ministry of Villages, Disadvantaged Areas and Transmigration (KEMNDES/MoV), Ministry of Finance (KEMENKEU/MoF), Ministry of Cooperatives and Small and Medium Enterprises (KEMENKOPERASI UMKM), and representatives from academia, national banks, and civil society organization/non-governmental organization, with a representative from Ministry of Agrarian and Spatial Plan/ Land Management Agency (ATR/BPN) could also be included. The NSC will be responsible for providing strategic direction, approving the annual work plan and budget, and reviewing overall progress of project implementation. The National Steering Committee will meet at least twice a year to provide the expected support for the project.

59.   A **National Technical Committee (NTC)** chaired by the Director of Areal Preparation for Social Forestry will be established with Echelon II level officials representing various Director Generals of NSC members to provide technical guidance to the National Project Management Unit. The NTC will compose of members of a number of Echelon 2 or 3 depending on the decision made by the associated agencies. The members of NTC include representative from the same Ministries as in the NSC, which comprised of the MOEF (including the Extension and Human Resources Development Agency), Ministry of National Planning and Development, Ministry of Home Affairs, Ministry of Villages, Disadvantaged Areas and Transmigration, Ministry of Finance, Ministry of

Cooperatives and Small and Medium Enterprises, including the relevant Head of Provincial Forestry Services/Dinas Kehutanan; and representatives from national bank, academia and non-government organizations. Similar to the national level arrangement, at the subnational level, a Social Forestry Task Force (POKJA PPS) will function as a technical committee to provide technical guidance to subnational implementation and ensure links between the national and subnational levels through Provincial Forestry Services (Dinas Kehutanan). POKJA PPS will be chaired by the head of the POKJA and composed of representatives consistent with a MoEF Decree.[46]

60.   At the national level, a **National Program Coordination Unit (PCU)** will be established to coordinate all development partner-supported activities that contribute to the Social Forestry Program and provide strategic guidance to the Director General. The PCU will comprise a senior Social Forestry professional who would liaise with the DG-SF and TSC. The PCU will also comprise a senior M&E/communications specialist to support the overall SFP in monitoring program level targets and results and disseminating the information/reports to all stakeholders.
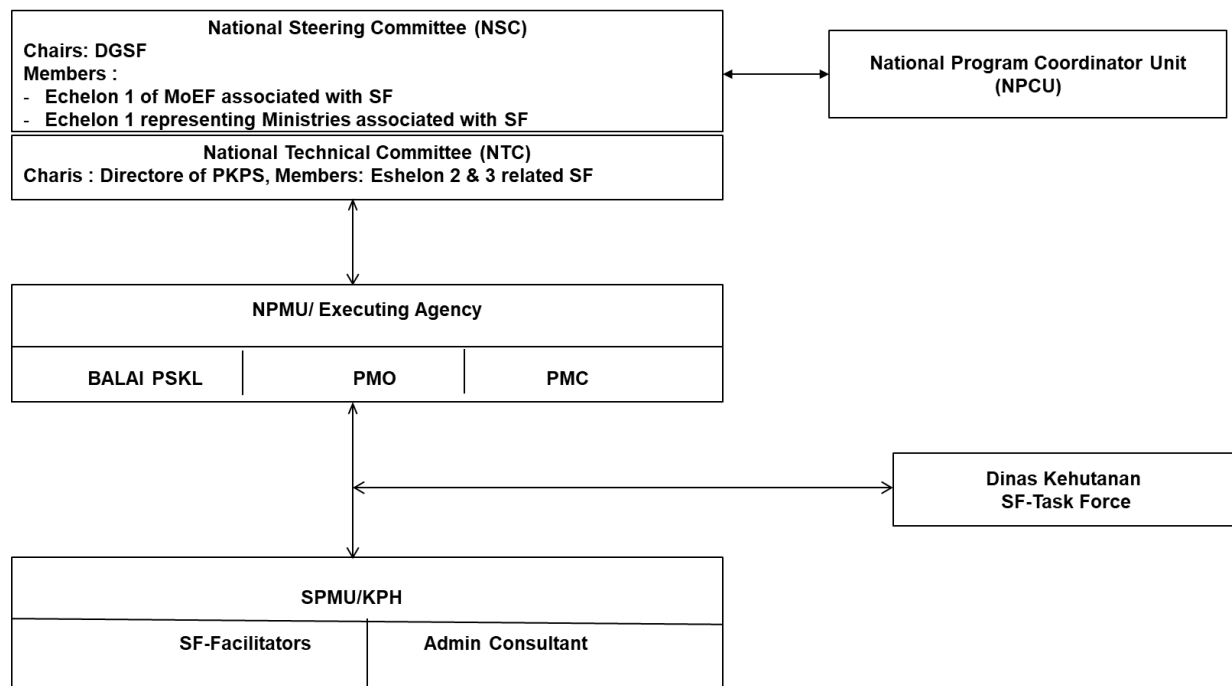
61.   **Project implementation:** The day-to-day project implementation will be managed by a National Project Management Unit (NPMU) led by the Director of Area Preparation for Social Forestry and chaired by an official appointed by the Director of Area Preparation for Social Forestry. To ensure project robustness in innovation, connection with global investment, and trade networks, and to avoid a business-as-usual pathway, a Project Management Office with support from a team of administrative and technical personnel will be established. The technical personnel/Project Management Consultants will be contracted for the duration of the project to support the NPMU. The Project Management Consultants (PMC) will be composed of professional experts. List and specification of key personnel under the PMC will be specified in the relevant terms of reference (TOR), while the details will be reflected in the Project Operations Manual (POM).

62.   **Local implementation:** Project implementation in the field will be executed by the MoEF through the relevant Forest Management Unit (FMU) or Provincial Forestry Office, as a decentralized management entity. A Sub-National Project Management Unit (SPMU) will be established to provide day-to-day management of project implementation at the subnational level. The roles and responsibilities of these bodies at the national and subnational levels will be further clarified in the POM. Figure 2 presents the institutional arrangement of the SSF project.

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[46] Perdirjen PSKL P.14/PSKL/SET/PSL.0/ 11/2016 tentang Petunjuk Fasilitasi Pembentukan dan Tata Cara Kerja Kelompok Kerja Percepatan Perhutanan Sosial.

Figure 2: Institutional Arrangement of the SFF Project

National Steering Committee (NSC)
Chairs: DGSF
Members :
- Echelon 1 of MoEF associated with SF
- Echelon 1 representing Ministries associated with SF

National Program Coordinator Unit (NPCU)

National Technical Committee (NTC)
Charis : Directore of PKPS, Members: Eshelon 2 & 3 related SF

NPMU/ Executing Agency

BALAI PSKL	PMO	PMC

Dinas Kehutanan SF-Task Force

SPMU/KPH

SF-Facilitators	Admin Consultant

Note: Solid line is line of command and reporting

B. Results Monitoring and Evaluation Arrangements

63. **Considering that there is currently no comprehensive monitoring system for social forestry progress or outcomes in Indonesia, the Project will embed into all components activities to contribute to a comprehensive national SFP monitoring system.** This will require significant capacity building across many government and community SFP schemes. Having this information readily available would be a powerful tool in improving performance and outcomes of village associations and FMUs. The Project will also help build on and strengthen the participatory monitoring systems, especially on FMU facilitator activities, extension services, and implementation of social forestry management plans, by the community participation.

64. **The National Project Management Unit (NPMU) will be equipped with a technical expert, responsible for project monitoring, which will be part of the role and responsibility of the project Team Leader.** She or he will be responsible for monitoring and reporting progress of the project against the Results Framework PDO and intermediate indicators. The M&E plan will include at least two formal evaluations during project implementation (at midterm and final review), and the parameters will be outlined in the Project Operations Manual (POM). The final review will assess the achievement of indicators and the sustainability of results and will identify lessons learned. PDO and intermediate indicators were selected to balance the number of results areas that are considered critical to measure progress and to maintain a streamlined design of the Project, that is, practicality and manageability. Results Framework indicators have been designed to also report on GEF-supported achievements, in line with the Aichi targets to which the project is contributing, especially Aichi Targets 1, 7, 15, and 18.

C. Sustainability

65.   **The outcomes of the project will be sustained through strengthening the GOI's SFP and establishing the institutional and policy frameworks under the project.** At the local level, the project will support the establishment of community groups and farmers associations that would receive technical assistance to develop viable community enterprises that are expected to provide livelihood opportunities and generate economic returns for the communities to continue the project results beyond the project life. In addition to policy and institutional strengthening, the project would also help develop viable community enterprises to provide financial sustainability of project outcomes.

66.   **As part of the project preparation, the GOI carried out a Social Forestry Assessment, which also contributed to developing an Integrated Environmental and Social Management Framework (ESMF) along with a Stakeholder Engagement Plan (SEP) and Environmental and Social Commitment Plan (ESCP).** Roles of men and women in managing forest were reviewed including how they could contribute to the design and implementation of the SSF project. The analysis aimed to inform the project design to ensure women and men are able to actively participate in project-supported activities and benefit from them. The project will monitor and report gender-disaggregated benefits as part of its results framework, with a PDO level indicator.

II.   PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analysis

(i) Technical analysis

67.   **The project is designed around the premise of allocating forest resources to local communities and local individuals. Project activities include participatory forest management, community forest management, and mapping, which are in line with ongoing activities in the sector such as the World Bank financed Program to Accelerate Agrarian Reform and should allow for the efficient resource allocation to local beneficiaries.** Once allocated, the sustainable management and forest enhancement (of degraded areas) will be ensured through the management planning process to identify and plan suitable interventions, which will go through an official review and approval process. Preparation and implementation of the management plans will be supported through the provision of technical assistance and grants for eligible activities. The appropriate implementation of the management plans will be overseen and ensured through a supervision mechanism that is designed to ensure that activities are in line with the management plan and that feedback is provided to the beneficiaries. Overall monitoring of the management plans will be undertaken locally through the forest management units, and then the data will be consolidated at the provincial and national levels. These interventions should facilitate improved forest management in the areas allocated for the SFP in general and the SSF project in particular that will lead to improved forest cover and environmental services, such as carbon storage and sequestration, while providing income generating opportunities for local communities.

(ii) Economic and financial analysis

68.   **Project Development Impact:** The SSF project is expected to deliver economic and environmental benefits to the communities in targeted areas and local governments, along with globally relevant benefits of carbon sequestration and prevention of rich biodiversity loss. The total cost of the project is US$109.4 million over the course of project lifetime (2020–25). Preliminary estimates of project net present value benefits are at least

US$266.7 million, with an internal rate of return (IRR) of 211 percent across the analysis period of five years. If we assume a quarter of emission reductions can be attributed to project activities, the IRR[47] will be 9 percent. The project benefits accrue from (i) reduction of GHG emissions[48] resulting from improved spatial management and community forest management; (ii) increased biodiversity habitat conservation, thereby contributing to protection and sustainable management of biodiversity, including iconic wildlife, which also generates ecotourism benefits; (iii) economic value from the sociocultural benefits, including communal use of forestry and other ecosystem services; and (iv) livelihood benefits from formalizing access to communities, community forestry, and improved spatial planning, which includes benefits from forestry and non-forestry products. Preliminary estimates put the worth of project benefits at least US$441 million, comprising social carbon values of US$390 million, biodiversity and related tourism benefits worth US$40.8 million, economic value from the sociocultural benefits to communities worth US$1.66 million,[49] and economic value from forestry worth US$8.4 million.[50]

69.   **While the project is already viable, benefits accrue beyond those quantified, and if quantified will only increase benefits from current investments.** For example, livelihood benefits can also be quantified for the SSF project for the 173 groups engaged in sustainable forestry management, the 403 communities receiving social forestry permits for land use businesses, the 174,000 people dependent on agriculture and forestry livelihoods for their income, and the over 1.5 million people who will indirectly benefit from this project as per the PDO indicators. A preliminary estimate by the MoEF suggests substantial livelihood improvement benefits from social forestry in certain locations. For example, by supporting development of the sylvofishery business chain, social forestry activities in the Kubu Raya District in West Borneo contribute to an increase in monthly income of community members from IDR 2,500,000 per month to IDR 40,098,124 per month, equivalent to a 16-fold increase.[51] In addition, a key expected project benefit is from its contribution to improving land governance and avoiding costs of inaction from forest loss and degradation, biodiversity loss, forest fires, and GHG emissions. For example, the World Bank estimated that the cost of the 2019 fires to Indonesia was at least US$5.2 billion, or about 0.5 percent of GDP.[52] The SSF project is also expected to spur indirect benefits beyond the project areas, as the experience from its implementation could inform the design and implementation of other areas targeted under the GOI's SFP in the coming years.

70.   **Rationale for Public Financing:** As highlighted, land governance challenges have led to severe externalities such as forest and land (including peatland) fires, deforestation, and biodiversity loss, which have been costly for the country's economy, environment, and people. Considering these high costs of inaction largely from global public goods, and since the project has significant economic returns and no financial returns, there is a clear need for public finance to strengthen social forestry. The greatest stream of project benefits accrues from GHG emission reductions. These emission reductions, which are expected to result from designing and implementing improved

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[47] Calculated based on discounted net benefits with a discount rate of 5.5 percent, as per World Bank guidance.

[48] Carbon benefit contribution will be finalized after appraisal concluded in January 2020

[49] Economic value of social and cultural values at US$1.1/ha/year (defined per Ministerial Regulation 14, 2012 on valuation of ecosystem services), as communal values assumed across areas with participatory community mapping and/or boundary demarcation under the social forestry permits to be completed as per the PDO indicators.

[50] Economic value of forestry US$5.6/ha/year (per Ministerial Regulation 14, 2012 on valuation of ecosystem services), calculated based on forest area brought under management plans, land area under sustainable landscape management practices, and area of land restored within project area.

[51] MoEF 2018b.

[52] *Indonesia Economic Quarterly* (IEQ), December 2019, the World Bank, pp 7–9. Similar analysis was also done on the economic impact of the 2015 fires, published as a Knowledge Note titled, "Cost of Fire," February 2016.

spatial plans in forest areas and improved community engagement and practices,[53] are among the most cost-effective opportunities for Indonesia to reach GHG emission reduction targets.[54] Further, the GOI has limited public finance resources for social forestry; they had expensed budgets of US$5.5 million in 2016 and US$3.5 million in 2017,[55] and close to US$20 million allocated in 2018. While allocations have increased, to date the government has achieved 2.5 million ha of social forestry with a US$29 million investment and hence would need far more to achieve the rest of the targeted 12.7 million ha by 2024. The GOI budgeted financing for social forestry is limited, and additional financing from the World Bank helps to scale and leverage other sources of finance, including fiscal transfers, which could support the sustainability of long-term finance.

71.   **The World Bank's comparative advantage and value added:** The World Bank Group has considerable experience working with the GOI on policy and regulatory issues and project implementation, and long involvement in the natural resources sector. The World Bank is currently supporting a range of related projects under the Sustainable Landscape Management Program with land administration, fire diagnostics, lowland (including peat) analytics, and jurisdictional pilots under REDD+ carbon finance through the BioCarbon Fund Initiative for Sustainable Forest Landscapes and the Forest Carbon Partnership Facility. The World Bank also works with Indonesia's Planning Ministry (Bappenas) on advisories and analytics supporting wealth and ecosystem services accounts and mapping resource-dependent communities in critical landscapes to improve targeting of government programs, especially Social Forestry. In addition to the work in Indonesia, the World Bank has extensive experience in natural resource management and large climate finance operations funded through land-use and REDD+ climate funds, such as the Forest Carbon Partnership Facility and the Biocarbon Fund.

B. Fiduciary
(i) Financial Management

72.   **A Financial Management Assessment is finalized during the appraisal stage to assess the adequacy of the financial management system of the implementing agencies to produce timely, relevant, and reliable financial information on project activities.** The Financial Management Assessment assessed the adequacy of the accounting systems for project expenditures and underlying internal controls to meet fiduciary objectives and allow the World Bank to monitor compliance with agreed implementation procedures and progress toward its objectives.

73.   **The project financial management arrangements follow the government system as agreed by the Bank and will be reflected in the POM, including budgeting, internal control, accounting and reporting, flow of funds, and the auditing mechanism.** The project will be a central government executed activity with budget to be allocated under the Secretariat of DGSF and three Technical Implementing Unit (Balai in Sumatera, Jabanusra, and Maluku Papua). Commitment officers (PPK) to be appointed under Directorate of PKPS, the three (3) Balai, and if

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[53] These are expected to be value for money investments that would incentivize sustainable growth of Indonesia. Evidence suggests that the transfer of rights from the state to the community members is a useful approach toward establishing an effective incentive structure and provides a net gain to the community members. The extent of community participation, however, depends not only on the incentive structure but also on the social capital that exists in the community. See more at https://link.springer.com/article/10.1007/s10457-008-9150-5 and Djamhuri (2008).

[54] As per the National Council on Climate Change (DNPI), the following activities have the most cost-effective potential: spatial planning benefits (134 MtCO$_2$e at US$10 to US$16/tCO$_2$) including land swaps and concession buyouts; improving community practices (76 MtCO$_2$e below US$5/ton) including reducing slash and burn by local communities through land titling, livelihood training, and awareness programs; forest and peat moratorium extension (91 MtCO$_2$e at US$0 to US$3/ton); reduced impact logging (48 MtCO$_2$e at US$2 to US$5/ton); and afforestation and reforestation (54MtCO$_2$e at US$2 to US$5/ton).

[55] Government of Indonesia Ministry of Finance, DG Budgets Data, disclosed as per climate budget tagging exercise.

needed in ten (10) FMUs or four (4) Provincial Forestry Offices. Directorate PKPS would coordinate financial management aspects including activities executed by the subnational level government. The risk is related to the MoEF's limited experience, particularly of the Directorate PKPS, in managing foreign grants using the on-budget-on-treasury system. The risks include delays on budget effectiveness, reporting, and adequacy of payment verification. The project implementation at the subnational level also has its own risks. It requires both capacity at the subnational level on fiduciary matters, and MoEF's capacity on its coordinating function. The risk is also noted in relation to the block grant activity that will be implemented by community groups and farmers associations with generally low financial management capacity. Some mitigation measures are considered including (i) financial management specialists to be placed in the NPMU and tasked with assisting the NPMU and SPMUs in ensuring timely availability of budget funds, financial reporting, and follow-up of audit findings; (ii) strengthening of oversight, including through involvement of the MoEF Inspectorate General to include the project in the annual audit plan; (iii) an annual audit of the project to be conducted by the Audit Board as supreme audit institution of Indonesia; (iv) training on the financial management aspect of Bank-funded projects to be given to NPMU and SPMUs staff and community groups receiving block grants; (v) a submanual on block grant activity (as part of the POM) to be developed subject to the World Bank's review and no objection; and (vi) staff under the PKPS and FMUs, with support from consultants, will provide oversight on the block grant implementation.

(ii) Procurement

74.   **All procurement under the project shall be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers, issued in July 2016, and revised in November 2017 and August 2018, and the provisions stipulated in the Grant Agreement.** This includes the requirement for the Project Implementing Agency (PIA) – Directorate General of Social Forestry and Environmental Partnership to prepare a Project Procurement Strategy for Development (PPSD), which will form the basis for devising the most appropriate procurement arrangements. The Project Procurement Strategy for Development (PPSD) and Procurement Plan have been prepared. The initial Procurement Plan covers only the first 18 months and will be updated during the project implementation.

75.   **Most of Procurement under the Project are mainly for procurement of goods, non-consulting services which fall under Request for Quotation (RFQ) method.** Procurement of individual consultants will be made based on competitive selection method by comparing three (3) CVs. The use of national e-catalogue for procurement of goods is permissible if the contract estimate value is below US$100,000 and should be written in the Procurement Plan. Procurements of non-consulting services will be for event organizer contracts to support regional meetings or workshops. There is also a possibility of having Community Driven Development (CDD) type of procurement under the project.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

The project is expected to generate overall positive environmental impacts. This would be achieved through sustainable forest management and environmentally compatible agricultural activities that are intended to reduce the ongoing pressures for deforestation and forest degradation. Small-scale localized negative impacts may result from the small-scale community activities for the land management. These activities are not expected to generate any large-scale, significant or irreversible environmental impacts. Screening will be carried-out of sub-projects supported for environmental risks and impacts such as increased pesticide use from agricultural activities and pollution potential from small-scale land management activities. Large private sector actors or big corporation will not be involved in small and micro community enterprise development. As part of the TA, strengthening of environmental and social aspects will be incorporated in the project design for provision of technical and business development experts to support communities/groups. These technical assistants/facilitators will also need support to ensure they are sufficiently aware of local cultural conditions and norms, and develop specific strategies and targets to ensure participation of indigenous peoples, women and other vulnerable groups present in the project areas.

76.   **The GOI's SFP aims to strengthen the institutional capacity and methods for transferring and managing degraded lands to villages and local communities through various tenure arrangements.** The SFP will redistribute use rights of 12.7 million ha of degraded forestland to local communities to help reduce land conflicts and strengthen incentives for good land and forest management. Learning from the government and the World Bank financed Program to Accelerate Agrarian Reform, which provides demarcation of external boundaries of Forest Areas including State Forests (production, protection, and/or conservation forests), the SSF project will enhance the GOI's capacity to provide the necessary protection by having tools and policies to enable the achievement of the project objectives. Through the SSF project support, community access to land and resources is expected to strengthen livelihoods and improve natural resource management via restoration and conservation of high biodiversity areas. The World Bank's ESF applies to this project; therefore, the project's environmental and social risk level analysis and impact mitigation are built based on the ESF.

77.   **Project activities will take place in degraded forestlands within areas identified as important for biodiversity conservation.** These forests face numerous threats and challenges, including land use conflicts; uncertain land and forest ownership; overlapping concessions for mining and other non-forestland uses; the spread of large-scale commercial agricultural estate crops (particularly oil palm); smallholder agricultural expansion; illegal logging and fuelwood harvesting; and widespread bush-meat hunting, which is depleting the wildlife in many areas. This project will therefore be situated in a context that poses many environmental and social challenges and risks. However, the project interventions themselves will be designed to be beneficial and sustainable from an environmental and social standpoint. Access to socially and culturally appropriate services related to natural resource management and livelihoods will affect the achievement of the SFP objectives. A framework approach will be applied, with an ESMF to mitigate the risks for the policy and institutional strengthening in Component 1 and community investment to support social forestry activities in Component 2.

78.   **The project is expected to generate overall positive environmental and social impacts.** This would be achieved through sustainable forest management and environmentally compatible agricultural activities that are intended to reduce the ongoing pressures for deforestation and forest degradation. Small-scale localized negative impacts may result from the small-scale community activities for land management; however, these activities are not expected to generate any large-scale, significant, or irreversible environmental impacts. Screening will be carried out of subprojects supported for environmental risks and impacts such as increased pesticide use from agricultural activities and pollution potential from small-scale land management activities. Large-scale private sector actors or big corporations will not be involved in

community enterprise development. As part of the technical assistance, strengthening of environmental and social aspects will be incorporated into the project design for provision of technical and business development experts to support communities/groups. These technical assistants/facilitators will be supported to ensure they are sufficiently aware of local cultural conditions and norms, and to develop specific strategies and targets to ensure participation of indigenous peoples, women, and other vulnerable groups present in the project areas.

79.   **The project will support refinement and development of necessary policies and regulations or guidelines.** While this should generate positive impacts through alignment and strengthening of regulations and clauses related to vulnerable groups, there is also a risk that they are not in harmony with the existing policies at either the national or local level, creating other complexities (between institutions, between the central and local governments, and so forth). There is also the risk of non-implementation, resulting in local tensions or conflict. Conflicts between the Social Forestry Working Groups or Task Force and other parties in the regions, such as local government, the FMU/village forest unit, NGOS, indigenous peoples, or local communities, may also result from different perceptions and expectations. Given these challenges, the project design includes support to strengthen conflict resolution capacity within the national government through the MoEF, and within local governments and communities through the FMU. Stakeholder mapping and analysis, as well as screening for potential conflicts on a site-by-site basis, will be required and is built into the Environmental and Social Management Framework (ESMF) as preventive steps, as well as mitigations that strengthen existing systems. The project grievance redress mechanism will be established within the ESMF, to reflect MoEF structures and include resources for project-specific training and monitoring of grievances.

80.   **Since the SFP is national in scope, potential environmental and social risk management issues may stem from lack of community participation due to limited access to information and land tenure aspects.** Unclear legal requirements of communities may also disadvantage some groups of *adat* communities and other forest-dwelling peoples. In some cases, groups do not accept the need for land registration and feel their rights are inherent.

81.   **The proposed project will finance mapping and demarcation, including zoning of different uses. In mapping, land distribution, and livelihood development support, there are also risks of exclusion, particularly of women, indigenous peoples and other forest-dwelling peoples.** The project sites include areas with poor literacy, difficult access, and diverse cultural factors that may limit access to information and participation of these groups. The sectoral risks include working in areas with weak village government institutions, and with local government officials and forestry facilitators who are not familiar with the social forestry context and objectives, however the project areas identified have been screened to ensure FMU willingness to participate and feasibility of local commodity development under SF permits. There are potential restrictions of access to lands and natural resources resulting from the overall program implementation, such as through the establishment or demarcation of protected areas. This leads to substantial-risk categorization of the proposed project.

82.   **To mitigate these risks, the GOI already established guidelines and regulations for the mapping and demarcation process, as well as field verification processes that include incorporating stakeholder inputs from public consultation processes.** The project will include capacity building to guide the key stakeholders/decision makers in forest management and business plans related to social forestry permits resulting from project support, to take into account the environmental and social considerations in the zoning of different uses. Safeguard measures are required to ensure that boundary demarcations and land claim-related processes supported by the project are indeed participatory and inclusive, to avoid conflicts and create legitimacy among all claimants of lands in question. Measures include providing guidance and training for field-level actors to be sensitized to issues of exclusion, to be empowered to adapt approaches to local circumstances, and to improve upstream screening for potential vulnerabilities and risks of conflict. Strengthening of tenurial conflict management processes already established with regulation and institutional resources is also planned.

83.   **The project will also finance a variety of capacity building, community-based activities and on-the-ground interventions to promote the conservation and sustainable use of forests.** It will support the village forest management planning, development, and implementation of community investments, and community enterprise development. The investments are to increase the forest area and biomass coverage, enhance land management, and/or contribute to biodiversity conservation objectives. Some of the activities could include supporting land management such as mulching, contouring, and terracing; reducing human wildlife conflicts; and training and equipping community groups for guarding and monitoring encroachment, reporting, fire detection and early suppression, and fire management and reporting. There are potential environmental impacts from small to moderate civil works from the natural- resource-based social forestry entrepreneurship implementation and investment capital utilization for social forestry businesses; however, the project will not finance any large-scale construction.

84.   **An Integrated Environmental and Social Management Framework (ESMF) for specific safeguard aspects under each component was jointly developed by the MoEF and informed the development of the Stakeholder Engagement Plan (SEP) and the Environmental and Social Commitment Plan (ESCP) both of which were disclosed on February 7, 2020.** The ESMF which was disclosed on May 5, 2020, summarizes the wealth of previous experiences and literature under this sector in Indonesia. To complement available data, thematic environmental and social assessments were carried out, to help identify and better understand high-risk locations. The ESMF also includes mitigation measures in the form of Environmental and Social Management Plans (ESMPs) and Environmental Codes of Practice (ECOP) to be applied effectively for the community-based activities, along with related capacity building.

III.   GRIEVANCE REDRESS SERVICES

85.   **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/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

IV.   KEY RISKS

86.   **The overall risk rating for the proposed social forestry project is** *High*. A description of the key risks and mitigation measures is provided below.

87.   **Political and governance** risk is rated *Substantial*. While much progress has been made by the current government administration to improve the delivery mechanism and accelerate implementation of the SFP, the success of project implementation is dependent on the national and provincial governments' continued commitments. While the issues of land and resource tenure conflicts and the disparity in land control leaning toward large private sector entities are highly considered across the political spectrum, and agrarian reform and social forestry are at the top of the political agenda, there is a risk that the incoming elected administration may have different approaches and priorities with regard to the current SFP, which may affect the urgency of the proposed project. As a mitigation measure, the proposed project will

not only support the achievement of social forestry license issuance targets, thus capitalizing on the current momentum, but will also focus on policy, regulatory and institutional strengthening, and financing options to deliver and manage longer-term sustainable forest management involving the communities. An additional mitigation measure to secure high-level government commitment and leadership would be through a site selection process where commitment and leadership by local government and involvement of stakeholders is high, and the existence of provincial Social Forestry Task Forces is part of site selection criteria to secure commitment of the local government. The project will also aim to showcase successes that strengthen the constituent base for community social forestry practices. These showcases will then enable the constituents to channel their aspiration through the political process to maintain social forestry as the priority development agenda of the country.

88.   **Sector strategies and policy risk** is rated *High*. Weak land governance characterized by conflicting regulations and sectoral priorities has led to dual land administration practices. The forest sector policies and regulations support land administration primarily within the forests boundary, while other policies and regulations focus on lands outside the forest area. This leads to duplication of policy, legal, and institutional frameworks, resulting in unclear legal recognitions and tenure arrangements that contribute to slow recognition of land rights of communities living in forest areas, limiting their access to resources and to overlapping claims. Another related risk is that the current forest strategies do not support the recognition of customary claims to forestlands. In addition, the election will also pose uncertainty risk to the social forestry continuing as a national priority program, incorporated into the national development strategy plan, under the new administration. These risks will be mitigated through the project activities designed around the necessary policy and regulatory framework including institutional framework and capacity building. Coordination across sectors would be promoted using the interministerial steering committee that will be established to provide oversight and advisory services to the project.

89.   **Technical design of project or program risk** is rated *Substantial*. The main technical design risk concerns the project design, which is primarily focused on supporting social forestry activities and licensing within the forest boundaries, excluding licensing on the titled forestlands. An additional risk is related to project activities supporting fiscal transfer and the village and provincial development planning processes, including associated policies and guidelines for which interministerial dialogue and coordination would be critical. This risk will be mitigated through community empowerment activities in non-forest area or area for other purposes (*Area Penggunaan Lain*, APL) to identify necessary policy and legal frameworks and guidelines. An intensive and transparent intra- and interministerial dialogue and coordination would be critical to mitigate such risks.

90.   **Institutional capacity for implementation and sustainability risk** is rated *High*. The implementing agencies have limited experience in managing projects supported by grants using planned grants (on-budget-on-treasury), particularly World Bank-financed projects, with due diligence and compliance requirements on fiduciary safeguards and reporting. While there will be government capacity involved in project implementation, the project most likely will be highly dependent on consultants that would play key roles in day-to-day project operation. The implementing agencies lack experience both in leading interministerial cooperation and coordination, and in dealing with intersectoral agencies at the regional government level (provincial/district/village), which is critical to ensure sound political support and leadership for the success of project implementation. In addition, the implementing agencies have weak capacity in engaging with the private sectors that would provide a platform for potential business cooperation with the communities (in terms of, among other things, access to markets, access to finance, technical assistance, and capacity building). This risk will be mitigated through establishing a national/provincial level steering committee as a platform for intra- and interministerial and intersectoral agency collaboration and dialogue. Capacity building is critical particularly at the early stage of project implementation to help operationalize the project on, among other areas, financial management, procurement, safeguards, and grievance redress management.

91.   **Fiduciary risk.** The fiduciary (financial management and procurement) risk associated with this project is rated S*ubstantial*. The risk is related to the MoEF's limited experience in managing foreign grants using the planned grant (on-budget-on-treasury) system, (particularly the Directorate of PKPS as the lead implementing agency); limited experience in carrying out procurement using the Bank's Procurement Regulations for IPF Borrower, which is required to govern procurement of the project operation; and the implementing agency's preference for following the GOI's procurement procedure. The risk would also include delays on budget effectiveness, reporting, and adequacy of payment verification. The project implementation poses similar risks at the subnational level including block grant activity at the community level. It requires capacity on fiduciary matters at both the MoEF and subnational level to administer the project and provide oversight to community groups. The risks will be mitigated, and the proposed financial management arrangements will be considered adequate to provide, with reasonable assurance, accurate and timely information on the status of the grant as required by the Bank. The procurement risk will be mitigated by providing training to implementing agencies on the Bank's procurement regulations, and by providing guidance and support in preparation of the PPSD and Procurement Plan for the project.

92.   **Environmental and social risk** is rated *High*. There are long-standing governance and capacity issues in the forest and natural resource management sector in Indonesia that have led to extensive social and land use conflicts, particularly regarding, among others, access to land/tenurial rights, uncertain land and forest ownership, overlapping concession holders, smallholder agricultural expansion, and illegal logging. These issues stem from unclear systems for land management and allocation, leading to competing claims; and a lack of a shared understanding among different stakeholders, including government, the private sector, communities, and other civil society actors, as to who has rights to the land and its uses. Forest boundaries are rarely demarcated, most of Indonesia's provinces lack legally binding spatial plans, and customary land rights have not been fully mapped and recognized. This project will therefore be situated in a broader forest landscape context that poses many environmental and social challenges and risks. However, existing policy, regulation and institutional resources to minimize some risk, and project site selection and screening (technical verification) procedures exclude areas with higher risk rating, such as those with the existing community conflicts and those in the conservation forests. In addition, the climate change risks are also considered. Addressing climate change risk is an integral part of the project design as the key focus of the project is to improve forest management in degraded forest land. Forest management plans and business development plans that the project supports include among others climate change induced risks and their mitigation measures such as selection of seedlings and/or species for forest regeneration activities and agroforestry activities.

93.   **The SSF project's environmental and social risk rating is considered as high due to the long-standing and complex forest and land governance challenges in Indonesia and global experience in the forest landscape sectors**. The high risk rating imparts enhanced World Bank oversight and resourcing to the Bank task team to implement successfully the project. The Government of Indonesia considers the SSF project as a lower risk intervention from environment and social perspective due to the SSF project's contribution to biodiversity conservation, improved forest management and enhanced community benefits. However, specific measures in the ESMF to ensure environment and social benefits and risk management are agreed by both the Government of Indonesia and the World Bank.

94.   **The project interventions themselves will be designed to be beneficial and sustainable from an environmental and social standpoint.** For environmental and social risk management measures to be fully operational, the project requires strong national and regional government commitments; and local stakeholder engagement, including intensive capacity building, socialization and outreach, and sustained financing; and good will across stakeholders during both preparation and implementation of social forestry activities. Efforts to mitigate potential risks will be defined through the project's safeguard mechanisms, including application of the different instruments prepared and any gap-filling

measures that could be necessary to comply with the policies. Screening procedures, grievance redress mechanism, and stakeholder engagement will be strengthened, and capacity building will be provided to PMU, PIU, local government officers, facilitators and community members at the sites. The project, following requirements of Indonesian law and the Bank, prepared the Environmental and Social Management Framework (ESMF). The ESMF includes necessary measures to mitigate potential impacts from the proposed small-scale community activities under Subcomponents 2.1 and 2.2, and potential restrictions of access to lands and natural resources resulting from program implementation, such as through the establishment or demarcation of protected areas. The Process Framework will become part of the ESMF. The Indigenous Peoples Planning Framework incorporated into the ESMF will also establish a mechanism for free prior and informed consultations with indigenous peoples and other forest-dependent communities to promote community participation and meaningful engagement across stakeholder groups.

95.   **Risks related to stakeholders** is rated *Substantial*. This project will heavily engage with local and indigenous (*adat*) communities in target areas within and around the forest area boundaries, and potentially communities in non-forest area. Other risks could include potential for tension and conflicts stemming from concerns over land takings due to misinformation and/or unsuccessful socialization and awareness raising of project activities. The stakeholder risks will be mitigated through the ongoing consultation processes that are part of the preparation phase of the project, engaging relevant key stakeholders at the national, provincial, village, and community level. Capacity building measures also address the need for stakeholder sensitization to cultural issues and conflict contexts. Lessons will be drawn, and materials used where appropriate, from the Dedicated Grant Mechanism currently being supported by the Bank in Indonesia to help empower indigenous peoples and local communities living on forestland. Some approaches are closely linked with the SSF project, and there are stakeholders in common, which can help ensure that significant stakeholder participation is achieved.

V. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Indonesia
ID: Strengthening of Social Forestry in Indonesia

Project Development Objectives(s)

The Project Development Objective (PDO) is to improve access to forest land use rights and strengthen community management in selected priority areas allocated for social forestry

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
To improve access to forest land use rights and strengthen community management			
Area under social forestry schemes with SF permit accorded to communities (Hectare(Ha))		60,000.00	300,000.00
Land area under sustainable landscape management practices (CRI, Hectare(Ha))		15,000.00	300,000.00
Greenhouse gases (GHG) emissions mitigated (Metric tons/year)		0.00	9,209,969.00
People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (Number)		0.00	150,000.00
Percent of which are women (Percentage)		0.00	30.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Component 1: Policy and Institutional Strengthening to Support Social Forestry			
1.1. Number of selected provinces/districts established Social Forestry management plans that integrate conservation of biodiversity into their economic strategic plans (RPJMD) (Number)		0.00	6.00
1.2. Number of regulation related to social forestry drafted and submitted for approval (Number)		0.00	13.00
1.3. Social Forestry Groups with at least one Social Forestry facilitator/integrated extension services provider (Number)		0.00	303.00
Component 2: Strengthening Community Management within Social Forestry			
2.1. Area with participatory community mapping and/or boundary demarcation under the social forestry permits completed (Hectare(Ha))		60,000.00	300,000.00
2.2. Communities received social forestry permit for land use (Number)		93.00	303.00
Percent of which are women (Percentage)		0.00	30.00
2.3. Social forestry sustainable livelihood groups (KUPS) funded (either by own resources, micro finances or others) and with the target of 25% reaching Gold level and 5% reaching Platinum level (Yes/No)		No	Yes
2.4. Beneficiaries sharing a social forestry permit are satisfied with project interventions (% of which are women) (Citizen Engagement indicator) (Percentage)		0.00	80.00
Percent of which are women (Percentage)		0.00	30.00
Forest area brought under management plans (CRI, Hectare(Ha))		15,000.00	300,000.00

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Area under social forestry schemes with SF permit accorded to communities	This area defines 5 (five) social forestry schemes, which are Community Forestry (Hutan Kemasyarakatan, HKm), Village Forest (Hutan Desa, HD), Community Timber Plantation (Hutan Tanaman Rakyat, HTR) and Forestry Partnership (Kemitraan Kehutanan). The target is cumulative and this PDO indicator measures the increased access rights to the forestry land of the forest dependent community groups organized with an agreed vision, community groups legally established access rights issued, participatory plans prepared/implemented, etc.). Submission for SF permit is attached with proposed simple map of the	Annual	Forest Management Unit (FMU) Annual Report, Provincial Forestry Service Annual Report	Field Survey	Forest Management Unit (FMU) M&E function

	area. The proposed area will be verified by the MoEF. If the requirement is in accordance with the SF regulations and PIAPS, the permit will be issued in maximum of 90 days. Immediate following of the SF permit issuance the owners of the permit shall carry out the boundary demarcation of the SF area. Target is cumulative				
Land area under sustainable landscape management practices	The indicator measures, in hectares, the land area for which new and/or improved sustainable landscape management practices have been introduced. Land is the terrestrial biologically productive system comprising soil, vegetation, and the associated ecological and hydrological processes; Adoption refers to change of practice or change in the use of a technology promoted or introduced by the project; Sustainable landscape management (SLM) practices refers to a	Annual	Forest Management Unit (FMU) Annual Report, Provincial Forestry Service Annual Report		Forest Management Unit (FMU) M&E function

	combination of at least two technologies and approaches to increase land quality and restore degraded lands for example, agronomic, vegetative, structural, and management measures that, applied as a combination, increase the connectivity between protected areas, forest land, rangeland, and agriculture land.				
Greenhouse gases (GHG) emissions mitigated	This indicator refers to the total reduction of GHG emissions and enhancement of sinks and reservoirs reported in tons of carbon dioxide equivalent (CO2e). The mitigation of GHG emissions is defined as a human intervention to reduce the sources, or enhance the sinks, of GHG (IPCC, 2012). Carbon sequestered or emissions avoided in the sector of Agriculture, Forestry, and Other Land Use Regarding the Agriculture, Forestry, and Land Use Change Lifetime, the length of time	Annual	Government Report on Carbon Reduction Emission		Forest Management Unit (FMU) M&E function

| | is defined as 20 years, unless an alternative number of years is deemed appropriate. For emission or removal factors (tons of CO2e per hectare per annum), the defaults to be applied are those of the Intergovernmental Panel on Climate Change (IPCC) or country specific factors. Carbon sequestration is defined as the process of increasing the carbon content of a reservoir/pool other than the atmosphere (IPCC, 2012). Avoided emissions refers to reduced emissions due to avoided deforestation or forest degradation, sustainable forest management, and improved practices on other land uses such as in agriculture.

GHG emissions is based on Technical Guidance for Assessing Baseline Emission and GHG Sector for Land Base, issued by the National Planning Board of the | | | | |
|---|---|---|---|---|---|

	Republic of Indonesia (2014)				
People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests	Direct and indirect community received beneficiaries from the SSF Project which include farmer groups, trader of SF products, middle men of SF products, land management and other private sector related to agriculture and forestry products. Target is cumulative.	Annual	Beneficiary survey, Report from District Statistical Bureau (DSB	Beneficiary survey	Forest Management Unit (FMU) M&E function, DSB
Percent of which are women	Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct and indirect community received beneficiaries from the SSF Project which include farmer groups, trader of SF products, middle men of SF products, land management and other private sector related to agriculture and forestry products, specify what proportion of the project beneficiaries are female. This indicator is calculated as a percentage.	Annual	Beneficiary survey; Report from District Statistical Bureau (DSB)		Forest Management Unit (FMU); M&E function; DSB

	Monitoring & Evaluation Plan: Intermediate Results Indicators				
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
1.1. Number of selected provinces/districts established Social Forestry management plans that integrate conservation of biodiversity into their economic strategic plans (RPJMD)	Target is cumulative	Annual	Provincial Forestry Service Annual Report; Forest Management Unit (FMU) Annual Report		Provincial Forestry Service; Forest Management Unit M&E function
1.2. Number of regulation related to social forestry drafted and submitted for approval	This indicator refers to a number of supported regulations of SF plan to be drafted during the SSF project which include at national level: one (1) Presidential Regulation, three (3) MoEF Regulations and three (3) DGSF Regulations, four (4) Governor/Regent Regulations and at least two (2) sub-national/district Regulations. Target is cumulative	Annual	Provincial Forestry Services Annual Report; FMU Annual Report		Provincial Forestry Service; FMU M&E function

1.3. Social Forestry Groups with at least one Social Forestry facilitator/integrated extension services provider	There are 3 types of SF facilitators that will be placed with the groups that have SF permit. They are junior facilitators, medium and expert facilitators. Their role is to mentor and provide information about social forestry to the community groups, administrative tasks and roles, and provide technical expertise on the overall progress and process of SF. They will live with the communities. Note: SF Facilitators have the same role and function with the SF extension service provider

"Integrated" is defined as forestry, business (SMEs) and agricultural based extension services. This indicator measures the implementation of the establishment of village forest management associations (lembaga desa) | Annual | Provincial Forestry Service Annual Report; Forest Management Unit (FMU) Annual Report | Provincial Forestry Service; Forest Management Unit (FMU) M&E function |

	or village farmers groups (kelompok tani hutan) as social forestry groups. Target is cumulative				
2.1. Area with participatory community mapping and/or boundary demarcation under the social forestry permits completed	The SF permit area, which have already completed mapped and demarcated through the process of community participation. Target is cumulative	Annual	Provincial Forestry Service Annual Report; Forest Management Unit (FMU) Annual Report,		Provincial Forestry Service; Forest Management Unit (FMU) M&E function
2.2. Communities received social forestry permit for land use	These are communities (either exclusively male or female groups or mixed between them) who receive SF certificates i.e. Village Forest, community Forest, Community Timber Plantation and community or individuals who participate on Forest Partnership Programs

This indicator measures the implementation of land use rights and concessions being transferred to communities | Annual | Provincial Forestry Service Annual Report; Forest Management Unit (FMU) Annual Report | | Provincial Forestry Service; Forest Management Unit (FMU) M&E function |

	around the forest. Target is cumulative				
Percent of which are women	Supplemental Value: Percentage of female groups who receive Social Forestry permits i.e. Village Forest, community Forest, Community Timber Plantation and community or individuals who participate on Forest Partnership Programs. This indicator is calculated as a percentage.	Annual	Provincial Forestry Services Annual Report; FMU Annual Report		Provincial Forestry Service; FMU M&E function
2.3. Social forestry sustainable livelihood groups (KUPS) funded (either by own resources, micro finances or others) and with the target of 25% reaching Gold level and 5% reaching Platinum level	TNumber of SF groups participated in the project who developed sustainable livelihood. Target is cumulative The Ministry of Environment of Forestry has issued Director General of the Social Forestry and Environment Partnership (DGSF) Regulation No.P2/2018 regarding Guideline on Social Forestry Business Development which regulates the establishment of the Social forestry sustainable livelihood groups (Kelompok	Annual	Provincial Forestry Service Annual Report; Forest Management Unit (FMU) Annual Report		Forest Management Unit (FMU) M&E function

	Usaha Perhutanan Sosial/KUPS) and defines the classification of the KUPS as a basis to assess the level of assistance and facilitation needed to strengthen capacity and increase the level of self-sufficiency. The KUPS is categorized as Blue, Silver, Gold and Platinum with a pre-defined set of criteria for each category. The details of these criteria can be found in the DGSF Regulation No.P2/2018. The Project sets target of 530 KUPS participated in the project who develop sustainable livelihoods, and with the target of 25% reaching Gold level and 5% reaching Platinum level. Target is cumulative				
2.4. Beneficiaries sharing a social forestry permit are satisfied with project interventions (% of which are women) (Citizen Engagement indicator)	Percentage of perception satisfactory of the Social Forestry group or individuals participated in the SSF project. Target is cumulative.	Annual	Beneficiary surveys	Beneficiary surveys	Provincial Forestry Service; Forest Management Unit (FMU) M&E function

Percent of which are women	Supplemental Value: Percentage of perception satisfactory of the SF group or individuals participated in the SSF project (of which 30% are women). Target is cumulative				
Forest area brought under management plans		Annual	Forest Management Unit (FMU) annual report; Provincial Forestry Service Annual Report; Field survey	Field survey	Forest Management Unit (FMU) M&E function

COUNTRY: Indonesia
ID: Strengthening of Social Forestry in Indonesia

1.   **Overall arrangements:** The project will have a **National Steering Committee (NSC)** chaired by the Director General of Social Forestry and Environmental Partnership (DGSF) with members will include, but not limited to, Echelon I level officials representing the MoEF, including the Extension and Human Resources Development Agency, Ministry of National Planning and Development (BAPPENAS), Ministry of Home Affairs (KEMENDAGRI/MoHA), Ministry of Villages, Disadvantaged Areas and Transmigration (KEMNDES/MoV), Ministry of Finance (KEMENKEU/MoF), Ministry of Cooperatives and Small and Medium Enterprises (KEMENKOPERASI UMKM), and representatives from academia, national banks, and civil society organization/non-governmental organization, with a representative from Ministry of Agrarian and Spatial Plan/ Land Management Agency (ATR/BPN) will also be included. The NSC will be responsible for providing strategic direction, approving the annual work plan and budget, and reviewing overall progress of project implementation. The Steering Committee will meet at least twice a year to provide the expected support for the project.

2.   A **National Technical Committee (NTC)** chaired by the Director of Areal Preparation for Social Forestry would be established with Echelon II level officials representing various Director Generals of NSC members to provide technical guidance to the National Project Management Unit. The NTC will compose of members of a number of Echelon 2 or 3 depending on the decision made by the associated agencies. The members of NTC include representative from the same Ministries as in the NSC, which comprised of the MOEF (including the Extension and Human Resources Development Agency), Ministry of National Planning and Development, Ministry of Home Affairs, Ministry of Villages, Disadvantaged Areas and Transmigration, Ministry of Finance, Ministry of Cooperatives and Small and Medium Enterprises, including the relevant Head of Provincial Forestry Services/Dinas Kehutanan; and representatives from national bank, academia and non-government organizations. Similar to the national level arrangement, at the subnational level, a Social Forestry Task Force (POKJA PPS) will function as a technical committee to provide technical guidance to subnational implementation and ensure links between the national and subnational levels through Provincial Forestry Services (*Dinas Kehutanan*). POKJA PPS will be chaired by the head of the POKJA and composed of representatives consistent with a MoEF Decree.[56]

3.   At the national level, a **National Program Coordination Unit (PCU)** will be established to coordinate all development partner-supported activities that contribute to the Social Forestry Program and provide strategic guidance to the Director General. The PCU will comprise a senior Social Forestry professional who will liaise with the DG-SF and TSC. The PCU will also comprise a senior M&E/communications specialist to support the overall SFP in monitoring program level targets and results and disseminating the information/reports to all stakeholders.

4.   **Project implementation:** The day-to-day project implementation will be managed by a National Project Management Unit (NPMU) led by the Director of Area Preparation for Social Forestry and chaired by an official appointed by the Director of Area Preparation for Social Forestry. To ensure project robustness in innovation, connection with global investment, and trade networks, and to avoid a business-as-usual pathway, a Project Management Office with support from a team of administrative and technical personnel will be established. The technical personnel/Project Management Consultants will be contracted for the duration of the project to support the NPMU. The Project Management Consultants (PMC) will be composed of professional experts. List and specification of key personnel under the PMC will be specified in the relevant terms of reference (TOR), while the details will be reflected in the Project Operations Manual (POM).

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[56] Perdirjen PSKL P.14/PSKL/SET/PSL.0/ 11/2016 tentang Petunjuk Fasilitasi Pembentukan dan Tata Cara Kerja Kelompok Kerja Percepatan Perhutanan Sosial.

5.   **Local implementation:** Project implementation in the field will be executed by the MoEF through the relevant Forest Management Unit (FMU) or Provincial Forestry Office, as a decentralized management entity. A Sub-National Project Management Unit (SPMU) will be established to provide day-to-day management of project implementation. The roles and responsibilities of these bodies at the national and subnational levels will be further clarified in the Project Operations Manual (POM). Figure 2 presents the institutional arrangement of the SSF project.

6.   **Monitoring and evaluation:** M&E will be based on the Results Framework. The objective of M&E is to ensure project activities are implemented according to agreed annual work plans and budgets to contribute to the achievement of the PDO and indicator targets. The M&E also ensures accountability of project funds by providing reports consistent with the agreements reached during project appraisal and negotiation. The M&E arrangements have been agreed as reflected in the Result Framework and the details are provided in the Project Operations Manual.

Figure A1: Institutional Arrangement for the SSF Project

Note: Solid line is line of command and reporting

Financial Management

7.   The project financial management arrangements follow the government system as agreed by the Bank and to be reflected in the POM, including budgeting, internal control, accounting and reporting, flow of funds, and the auditing mechanism. Directorate PKPS would coordinate financial management aspects including activities executed by the subnational level governments. The following is the financial management arrangement of the project, with the details to be outlined in the POM.

8.   **Budgeting.** The budgeting system follows the existing government procedures. The grant financing will be included in the annual government budget and line ministry budget document. The budgeting for the project will be under central government budget and will be allocated under the Secretariat of DGSF and three Technical Implementing Unit (Balai in

Sumatera, Jabanusra, and Maluku Papua). Commitment officers (PPK) to be appointed under Directorate of PKPS, the three (3) Balai, and ten (10) FMUs with honorarium allocated using government own resources. Budget preparation is well defined, but there are frequent delays in execution. Parallel budgeting will be made for contracts or expenditures financed by GEF grant and by counterpart funds and this budgeting arrangement leads to GEF financing of the project at 100 percent of the contracts or expenditures so identified under the project. Budgeting for the project will be entirely from the central government budget. Activities at the subnational level to be implemented by FMUs will appoint commitment officers that will enter into a contract with third parties and request payments to be processed by the NPMU.

9.   **Accounting and reporting.** The project maintains separate accounting records for all payment orders (SPM) and remittance orders (SP2D) on a cash basis in accordance with Ministry of Finance Regulation 224/PMK.05/2016. All financial transactions are recorded in the government accounting system and included in government accountability reports. The original records are maintained in the file for auditing purposes. The NPMU will prepare a set of consolidated financial reports (Interim Financial Reports, IFRs) for project monitoring purposes and for requesting advances from the Bank. The PMU can obtain the financial information needed to prepare the IFR from the government treasury information system (SPAN). The NPMU is responsible for submitting the report to the Bank no later than 45 days after the end of each quarter.

10.   **Internal controls.** The payment verification process will rely on government systems. Direct and independent documentary evidence will need to be furnished to the implementing agencies for them to verify completion before payments are released to third parties. Payment validation procedures will require attachment of direct original supporting evidence of completion of all these activities. Strengthening of oversight is also proposed including involvement of the Inspectorate General of the MoEF to include the project in the annual audit plan. Internal control related to the block grant activity will be detailed in the Project Operations Manual (POM) subject to World Bank review and no objection. The POM will provide guidelines including, but not limited to, requirements of beneficiaries, proposal submission and review processes, block grant agreements, fund flow including tranches of fund transfer, accounting and reporting requirements, and oversight. Staff under the NPMU will be appointed and supported by the Financial Management consultant to conduct verification of the payment request from a third party. Staff under FMUs will also be appointed to provide oversight on block grant implementation.

11.   **Funds flow.** A Designated Account denominated in US dollars will be opened by the DG Treasury (MoF) in the Bank Indonesia (the central bank) specifically for the project. Access to funds in the Designated Account for payment to third parties and community groups will follow the government's treasury system. Work units in the Directorate PKPS will review requests for payment from third parties (consultants/contractors/community groups) and issue payment orders (SPMs) to the treasury office (KPPN) for payment. The treasury office inputs the payment request to the treasury information system (SPAN) and process the payment to third parties through payment order issued to the GoI operational bank and charged to the project's Designated Account. The work unit in Directorate PKPS submits information to the NPMU on all payment remittances (SP2Ds) charged to the project to use as a basis to develop consolidated withdrawal applications. The NPMU submits to the World Bank through the MoF the consolidated withdrawal application to record the expenditures and request additional funds.

12.   **Audit arrangements.** The project will be subject to external audit by the Audit Board as the Supreme Audit Institution of Indonesia. Each audit will cover a period of one fiscal year of the recipient. The audits will be conducted based on terms of reference agreed with the Bank. Audit reports and audited financial statements will be furnished to the Bank no later than six months after the end of the fiscal year concerned and shall be made available to the public. The audit will go beyond merely providing an opinion on the financial statements to also include opinions on internal control frameworks and compliance with the grant covenants and related regulations.

Disbursements

13.   The applicable disbursement methods are Advance and Reimbursement. A Designated Account (DA) denominated in US dollars will be opened in Bank Indonesia under the name of the Ministry of Finance. The DA will be a segregated account used solely to finance eligible project expenditures. Payments from the DA will follow the government mechanism and be authorized by MoF's treasury office. The ceiling of the advance to the DA will be variable based on six months' projected expenditures. Reports on the use of the DA funds and requests for additional advances 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) a list of payments for contracts under the Bank's prior review and records evidencing such expenditures, or (ii) a statement of expenditures for all other expenses, (iii) a DA reconciliation statement, (iv) an IFR, and (v) projected expenditures for the next six months. The NPMU will be responsible for reconciling the DA and preparing applications for withdrawal of advances and preparing reports on the use of the DA, duly approved by DG Treasury before submission to the Bank. 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. The Disbursement category of the Project will be arranged, as follows:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of penditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, Operating Costs, Training and Workshops and consulting services under Parts 1, 2.1, 2.2(i) and 3 of the Project	10,637,353	100%
(2) Community Grants under Parts 2.2(ii) and 2.3 of the Project	3,680,556	100% of Community Grants disbursed
TOTAL AMOUNT	**14,317,909**	

The disbursement for the Community Grants under Category (2) will be conditional to the adoption of the Community Grant sub-manual approved by the World Bank.

Procurement Arrangements

14.   All procurement under the project shall be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers, issued in July 2016, and revised in November 2017 and August 2018, and the provisions stipulated in the Grant Agreement. This also applies to procurement through the Request for Bids method using the National Competition market approach, which will also be governed by the World Bank's Procurement Regulations, except that the government's procurement regulations may be used to the extent they do not conflict with the Bank's Procurement Regulations and subject to the required improvements listed in the Procurement Plan, which are incorporated in the harmonized model bidding documents agreed between the World Bank and the National Public Procurement Agency (LKPP) for national competitive procurement. In case of a conflict or difference in opinion arising during the procurement process, the World Bank will provide clarification in writing that will be followed.

15.	The government's electronic procurement system (SPSE) (version 3.6) may be used only for procurement under the Request for Bids method through the National Competition market approach and using the harmonized model bidding documents agreed between the World Bank and LKPP. The SPSE as modified by the Ministry of Public Works and Housing may be used and adopted by the NPMU and PIUs only for selection of consultant firms under the Quality and Cost Based Selection method and using the World Bank's standard Request for Proposal document, adjusted to the World Bank's satisfaction for electronic use. Procurement under all other methods will be carried out through a nonelectronic process with manual issuance of invitation for bids and receipt of bids, until such time that the modifications of the SPSE have been completed by the LKPP and are acceptable to the Bank, which will be confirmed through the World Bank's written letter of no objection. During project implementation, the World Bank's Systematic Tracking of Exchanges in Procurement tool will be used to record all procurement and contract implementation processing under the project.

16.	Most of the procurements under the project are expected to be consultant contracts either with consulting firms or with individual consultants for Components 1 and 2, and a Project Management Consultant to support the NPMU under Component 3, which will be selected mainly through the Quality and Cost Based Selection method. Other procurements will be non-consulting services for Event Organizers to support trainings and workshops with small value goods (such as seeds and fertilizers).

Implementation Support Plan

17.	The strategy for implementation support will include at least two implementation support missions, including field visits to the targeted sites. Subnational Project Management Units will provide support to the implementing agency.

18.	 Joint implementation support. The World Bank together with the Government of Indonesia (GoI) will conduct full Implementation Support Missions (ISM) at least twice a year, complemented by several thematic supervision missions. The missions will aim to review project progress, performance, and management issues, as well as provide feedback to improve the overall performance of the project.

19.	Any formal mission will be complemented by the issuance of an Aide-Memoire and Management Letter, which will be used as a formal documentation for all observation reports as well as analyses of the fact findings. Findings, recommendations, and agreed decisions in the Aide Memoires will be used jointly by the GoI and the Bank team to improve project implementation through better quality and targeted technical assistance or any other follow-up actions.

20.	The objective of the World Bank's implementation support is to provide assistance to the GoI on the overall project supervision and technical assistance during project operations. This will remain critical and relevant throughout the project period to ensure timely and effective project implementation. The broad areas of support include the supervision particularly related to the achievement of project development objectives, assistance to procurement and project financial management, safeguards management, and other substantive related hands-on support.

21.	The World Bank will maintain a sizable core team based in Jakarta and Washington DC, consisting of specialists in forest planning and management, financial management, safeguards, procurement, and monitoring and evaluation. The team based in Jakarta will maintain a frequent and intensive coordination and collaboration with the GoI, particularly with the Ministry of Environment and Forestry and the Project Management Unit members. Whenever required, particularly to provide just-in-time advisory services, the core team will be complemented with technical experts on economics, public policy, capacity development, and others as needed. The team will carry out intensive collaboration with sectoral specialists within and outside the World Bank's Land management group to ensure SFP objective is facilitated and achieved.

ANNEX 2: Detailed Project Description

COUNTRY: Indonesia
ID: Strengthening of Social Forestry in Indonesia

Background

1.   **The Social Forestry Program is considered a strategic approach to addressing the drivers of forest degradation, deforestation, and poverty, and contributes to the Government of Indonesia's (GOI's) national poverty alleviation program.** The Social Forestry Program, along with the overall agrarian reform (TORA), is an integral component of the GOI's equitable economic policy, which was launched in 2015. The policy aimed to reduce inequality by ensuring the availability of land for members of local communities, including adat communities, and the achievement of social justice in the use of forest resources by these communities throughout Indonesia.[57] Social forestry is an approach to forest management and protection that prioritizes social and environmental development through the restoration of degraded forestlands. The GOI aims to use the Social Forestry Program to address the systemic poverty by selecting, demarcating, and registering lands in forest areas as community-managed, while simultaneously enhancing forest management and restoration in the buffer zones of critical protected areas. The latter is expected to help reduce the pressure to convert old-growth forest to agriculture, and generate global environmental benefits (such as conservation of biodiversity of global significance and mitigating GHG emissions). Through the Social Forestry Program, the GOI aims to transfer 12.7 million ha of degraded forestland (or 10 percent of the total forest area) to community management by the granting of 35-year forest use right permits through five types of schemes that target both the communities that use forest resources in State Forest (*Hutan Negara*), and one that uses forest resources in Titled Forest (that is, Community Forest).

2.   **The overall design of the Strengthening of Social Forestry in Indonesia (SSF) project is fully consistent with the objectives of the GOI's Social Forestry Program under the Agrarian Reform agenda.** As one of President Widodo's policy priorities, the GOI's Social Forestry Program has three main objectives: (1) to provide access to forestland use rights to communities covering 12.7 million ha; (2) to increase forest cover in the degraded forestland allocated to social forestry; and (3) to improve community livelihoods, including by supporting development of community small and medium-sized enterprises (SMEs). This GEF-financed SSF project is designed to support these GOI's Social Forestry Program (SFP) objectives and bring value added by (1) harmonizing subnational and national policy and regulatory frameworks and strengthening coordination and capacity of government institutions to expedite the implementation of the GOI's SFP; (2) putting in place a mechanism for enhancing the transparency of information on social forestry boundaries by strengthening the MoEF's Indicative Map of Social Forestry Area (*Peta Indikatif dan Area Perhutanan Sosial*, PIAPS) and the Social Forestry Navigating System (SINAV), and on other boundaries by linking to the World Bank financed Program to Accelerate Agrarian Reform (in selected sites); (3) strengthening PIAPS and the SINAV systems that provide consistent and comprehensive information on land claims, including *adat* claims, inside social forestry areas, particularly in the SSF project sites, and using the information to resolve land conflicts; (4) providing technical assistance to communities to acquire the forestland use permits or to manage titled forests under the GOI's SFP and, after acquiring these use or land tenure rights, to formulate and implement sustainable forest management plans and enterprise/business development plans; and (5) providing technical assistance to key facilitators of the GOI's SFP, including community-based organizations and nongovernmental organizations, so they can effectively support communities with social forestry schemes. As such, this proposed SSF project is an integral part of the GOI's overall SFP, and will help address the critical challenges facing social forestry in Indonesia, including delays in issuing social forestry permits and the capacity constraints of communities, government institutions, and nongovernmental facilitators in both pre-and post-permit stages. To support this SSF project, the MoEF has allocated

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[57] MoEF 2018a.

additional resources including a commitment of all Director Generals (DGs) under the minister's leadership within the MoEF to support project implementation. Considering that the proposed project would likely start its effective implementation in late 2019, it could also contribute to the mainstreaming of social forestry in the next Medium-term National Development Plan (RPJMN) for 2020–2025.

Project Components

**Component 1 – Policy and institutional strengthening to support social forestry (Total: US$19.235 million of which GEF financing: US$6,256,583):**

3.   **The objective of this component is to create an enabling environment for the successful development and strengthening of social forestry in Indonesia, and to allow for future sustainable scale-up of activities.** There are three subcomponents.

4.   **Subcomponent 1.1: Policy and regulations.** The objective of this subcomponent is to support the MoEF in developing and harmonizing the relevant policies, regulations, and procedures to expedite implementation of the GOI's Social Forestry Program (SFP). This subcomponent would also support mainstreaming social forestry objectives in other relevant sectoral policies and programs. Key activities include:

   (i)   Support the development of subnational level policies and regulations at the provincial, district, and village levels that are consistent with SFP objectives. The project would support the drafting and consultation process to prepare provincial, district, and/or village regulations, and adoption of these by respective subnational level governments.

   (ii)   Support the village and provincial development planning process and associated policies and guidelines to include social forestry as one of the activities to be implemented within the respective jurisdiction. The project would support the inclusion of social forestry into local budgetary planning by ensuring that resources are allocated within village development plans and provincial development plans to support social forestry investments. Activities to strengthen provincial and local implementation frameworks to facilitate the provision of the proper tenure solution for adat lands inside forest areas will also be supported.

   (iii)   Strengthen the policy framework for decentralized fiscal transfers, including, for example, through the Revenue Sharing Fund for Reforestation (_Dana Bagi Hasil Sumber Daya Alam Dana Reboisasi_, DBH DR) and Village Fund mechanisms. The project would support the Ministry of Finance (MoF) and the Ministry of Villages Development of Disadvantaged Regions and Transmigration (MOV), to facilitate the incorporation of social forestry as one of the key activities eligible for receiving future relevant DBH and Village Fund financing. This activity is to ensure continued financial support to the Social Forestry Program after the completion of this SSF project.

   (iv)   Consistent with the GOI's agrarian reform policies, strengthen the policy and regulatory framework, including the guidelines related to land boundary definition, demarcation of social forestry plots, registration and issuance of appropriate land tenure or use rights to communities for these plots, and guidelines to protect sensitive habitats and sustainably manage areas with High Conservation Value.

   (v)   Develop the method and regulations required to officially guide the preparation of management plans (for example, suggested format, content, standardization of some key activities such as timber and non-timber forest product [NTFP] production, and afforestation), the management plan approval process by the appropriate authorities, and then supervise the implementation of these management plans. This will

include the steps required to record and consolidate data at the district, provincial, and national levels for all stages of social forestry, including licensing (including boundary definition), management plans and approval data, implementation data (for example, removals, areas planted, NTFP production), and feedback to the social forestry users. This will also include developing standard management templates.

5.   **Subcomponent 1.2: Institutional strengthening.** The objective of this subcomponent is to develop the institutional capacity at the appropriate levels of government to promote Social Forestry Program activities consistent with the proposed project objectives. It will allow for the sustainable management of forestry resources by the users while providing income generating opportunities. Key activities include:

(i)   Social Forestry Task Force: Consistent with Ministerial Decree #83, each provincial governor is to establish a multistakeholder Task Force to promote and implement social forestry schemes in provinces all over Indonesia. The proposed project would provide incremental support to ensure that the Task Force, including a secretariat, is functional and operating effectively.

(ii)   Grievance and conflict resolution mechanisms: To ensure conflicts and grievances are addressed expeditiously and are consistent with government laws and regulations, the proposed project would provide incremental resources including development of skills and strengthening capacity at all levels. In particular, the project will support the Social Forestry Task Force and MoEF Conflict Units in five regions. The project will also support the MoEF in compiling information and create an inventory of land claims inside forest areas, particularly in the SSF project sites as part of strengthening MoEF's Indicative Map of Social Forestry Area (*Peta Indikatif dan Area Perhutanan Sosial*, PIAPS) and the Social Forestry Navigating System (SINAV) (see Subcomponent 1.3).

(iii)   Support the establishment of village associations (*Lembaga Pengelolaan Hutan Desa*) and farmers groups (*Kelompok Tani Hutan*), which are a critical element in the GOI's various social forestry schemes. An association or group could be established with a minimum of 50 villagers or farmers on 1,000 ha (village association) or 200 ha (farmers group). Both should be registered with the village head. Each association or group will propose activities to be carried out in an agreed area, with different land use zones identified. The registration process will include roles and responsibilities of the association or group, names of the members and their roles, and identified area of a preliminary boundary of social forestry plots.

(iv)   Consistent with the objectives of social forestry, strengthen the institutional framework to expedite the issuance of the appropriate land tenure and use rights to village associations, farmers groups, and communities. Lessons will be drawn from the government's earlier efforts and the ongoing process. Per government regulations, rights to use state forests are issued for 35 years but are examined at the national and local levels every five years to evaluate the impacts of these rights on the economy of the village, the social well-being of the community, and the ecology of the forest. After 35 years, the use rights are renewable for an additional 35 years. One or more pilot sites will be selected for the Community Forestry (HR) scheme in conservation and protected forests as a trial for the incentive system as prescribed in P.32/2015 on Titled Forests.

(v)   Develop the capacity within government institutions to review, recommend, and approve the sustainable forest management plans and then supervise (and, if necessary, control), the plan implementation.

(vi)   Strengthen the existing technical assistance support system to forest-dependent communities such as the integrated extension/facilitator and TA support, which is joint assistance to the agriculture, forestry, and other sectors to promote livelihoods that protect forest sustainability (this could be provided through independent NGOs already established in the area with the necessary capacity and skills). This will be

required both at the management plan preparation stage and later as part of management plan implementation, and will be part of a process to provide technical feedback and guidance on activity implementation.

6.   **Subcomponent 1.3: Knowledge generation and management and technical assistance.** This subcomponent is expected to generate lessons learned to date from social forestry in Indonesia and to draw lessons from other countries to contribute to the achievement of the project objective. This subcomponent is also expected to assess and address the capacity needs at the government and community level for effective implementation of the Social Forestry Program, including by supporting the creation of social forestry networks, and strengthening sustainable livelihood models. This subcomponent would also strengthen the MoEF's Indicative Map of Social Forestry Area (*Peta Indikatif dan Area Perhutanan Sosial*, PIAPS), which is a map and data used before issuance of use rights and permits, and the Social Forestry Navigating System (SINAV), which is a database (with georeferencing and detailed information about permit holders, activities, and other relevant information) of the social forestry area after the permits are issued. As a result, the proposed project would provide much needed capacity and knowledge for replication to meet the Social Forestry Program's objective of 12.7 million ha. The key activities to be supported under this subcomponent include:

(i)   Strengthening the MoEF's Indicative Map of Social Forestry Area (*Peta Indikatif dan Area Perhutanan Sosial*, PIAPS) and the Social Forestry Navigating System (SINAV), including physical capacity (for example, creation of visual maps, computing, staff, and other physical resources) for storing, retrieval, and reporting of social forestry maps, inventory of land conflict areas/information, social forestry schemes, and approved management plans, and monitoring their implementation. The land conflict information will also be included in this PIAPS. By overlaying these conflict maps with PIAPS and concession boundaries, the project would ensure that selected project areas are clean-and-clear for project activities to be implemented. Identification of potential conflicts (or potential risks to the project) will also provide information that can be presented to the National Steering Committee, thus sharing lessons learned to support the scaling up of the project approach to the broader "landscape" coverage of the district and to the overall PIAPS. These maps and databases would use standard data reporting formats to facilitate consolidation at the local, provincial, and national levels. Since SINAV is compatible with the Android system, the data updating and sharing could be facilitated effectively. Identification of potential conflicts (or potential risks to the project) will provide information that can be presented to the National Steering Committee, thus sharing lessons learned to support the scaling up of the project approach to the broader "landscape" coverage of the district and to the overall PIAPS.

(ii)   Support technical assistance and knowledge management at the village and community level (training and awareness raising), farmer-to-farmer knowledge sharing, and farmers sharing knowledge and plans with districts and provinces.

(iii)   Support technical assistance and knowledge management at the district, province, and national level, as well as training, awareness raising, and capacity building.

(iv)   Facilitate knowledge exchange, including through cooperation with related projects such as the World Bank financed Forest Investment Program (FIP) 2, which has developed a knowledge management information system and e-learning for FMUs through its National Project Management Unit (NPMU). The implementation arrangement and roles and responsibilities of each entity will be detailed and clarified in the Project Operations Manual (POM) to facilitate knowledge exchange and sharing of experience and lessons, including peer-to-peer learning.

7.   **There are five phases to be fulfilled for a successful social forestry program, and these are** (i) enabling condition/conflict resolution; (ii) licensing processes or legality; (iii) institutional development and strengthening; (iv) forest area management development; and (v) business development. According to the initial capacity needs assessment against the phases, policy and institutional strengthening are the most needed capacity at the field level that is only partly available to establish sufficient enabling condition/conflict resolution/licensing to successfully implement social forestry program.

Component 2 – Strengthening community management within social forestry (Total: US$84.837 million of which GEF financing: US$7,076,042): The objective of this component is to support the effective and efficient implementation of the Social Forestry Program. The objective would be achieved through the following three subcomponents.

8.   **Subcomponent 2.1: Management planning.** The subcomponent would facilitate and provide technical assistance to the communities in formulating sustainable forest management plans. The key activities include:

(i)   *Transfer of land use rights to communities:* The project would provide technical assistance to communities through, for example, village associations and farmers groups, to develop an initial roadmap for the registration process and receipt of the appropriate land tenure right or use license. Participatory community engagement is critical for the initial mapping process, including drafting bylaws and determining roles and responsibilities of each member of the association or groups. Once the land permit or use license is issued, the project would support the communities to develop a detailed management plan. While the project will not directly finance activities for registering land tenure rights, it will collaborate with other programs such as TORA and projects such as the World Bank financed Program to Accelerate Agrarian Reform in supporting community forest management on titled lands in sites to be jointly determined with the relevant ministries.

(ii)   *Mapping and demarcation including zoning of different uses:* Once the land right permit or use license is issued to the association or group, the project would provide technical assistance to map and demarcate the boundary of community plots for which social forestry permits will be requested,[58] and to implement land zoning of different uses after the issuance of permits. It would be a participatory process and would be coordinated with the World Bank financed Program to Accelerate Agrarian Reform. Participatory mapping of forest tenure would involve the full and fair collaboration of local communities recording the key features of their local environment, historical rights of access, land use and planning, and natural resource management to support them to archive local knowledge and to increase the capacity within the communities. Community-driven participatory mapping would require, among other things, affordable mapping tools, mobile applications, fundamental geospatial information such as working maps, and village level computer kiosks. The boundaries between forest and nonforest areas in the selected project districts would be mapped in 1:5,000 scale in collaboration with relevant authorities to prevent technical discrepancies and geographic overlaps. In collaboration with relevant authorities in selected SSF project sites, the mapping will include the demarcation of the boundary between forest and nonforest areas in a 1:5,000 scale, and such mapping data and information will help refine the MoEF's PIAPS and SINAV. While the total area under the SSF project is approximately 300,000 ha, which is a fraction of total PIAPS area, the lessons learned from the project including bringing a multisectoral coordination approach would strengthen and help refine the MoEF's PIAPS/SINAV.

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[58] The project will support the mapping and demarcation of social forestry plots within the area that has already been identified as part of the Indicative Map of Social Forestry area (*Peta Indicative Area Perhutanan Sosial*, PIAPS), or areas under TORA processes whose lands are to be released from state forest, but where maintaining or rehabilitating forest cover is identified as a necessity in the project's ESMF.

(iii) *Development of village forest management plans and farmers group management:* The development of a management plan would be initiated along with the detailed mapping of community social forestry plots and zoning of the area. The management plan would be developed through a participatory process and the project would provide technical assistance in its development. Similar support from this subcomponent would be provided to the one or more pilot sites for the Community Forest (HR) scheme.

9.   **Subcomponent 2.2: Development of sustainable livelihood models.** The proposed subcomponent would support the development and/or strengthening of sustainable livelihood models in the communities consistent with the management plan described above. The subcomponent would provide technical assistance for sustainable livelihood activities that include production, harvest, processing, marketing and promotion, bookkeeping, and accounting. Some of the activities could include, but not limited to, developing business plans for the social forestry area (rolling plans); ongoing identification of potential products or services; and strengthening the system for the provision of technical and business development experts to support communities and groups, for example, in developing financing proposals and plans, databases, processes, and supporting the establishment of nurseries cooperative and village-owned business (*Koperasi and BumDes*) for collecting and marketing household business products, certification of village products and business and marketing of village products through other business chain or digital market. The support mechanism is the provision of block grants to communities.

10.   **Subcomponent 2.3: Development and implementation of priority community investments.** The proposed subcomponent would support communities in (i) implementing the management plan developed above, and (ii) developing and implementing priority community investments consistent with the management plan prepared with project support (see Subcomponent 2.1) through community block grants, which could serve as start-up capital. These investments are expected to enhance the sustainable management of the forest areas, including increase in forest cover in degraded lands to provide biodiversity dispersal and wildlife corridor benefits, and the socioeconomic well-being of the villagers. These investments could include enrichment planting or restoring degraded land with high or commercial semi-mature Multi-Purpose Tree Species (MPTS) to increase the forest area and biomass coverage; enhance land management and/or contribute to biodiversity conservation objectives, and strengthen landscape resilience. Some of the activities could include supporting land management such as mulching, contour, and terracing; species enrichment; natural regeneration; reducing human wildlife conflicts and corridor improvement and rehabilitation; and training and equipping community groups for guarding, monitoring encroachment, reporting, fire detection and early suppression, and fire management and reporting. In addition, the block grant could also support improving forest-based businesses (e.g., NTFP such as rattan, bamboo products, coffee and tea, commercial and high demand fruits), certification and marketing of agriculture/NTFP/timber produced by the community and digital community-based business network. Outgrower schemes may be appropriate in some locations, for example, ones with relative proximity to processing mills, and this would be identified during the development of business opportunities for community enterprise development.

Component 3 – Project management and monitoring and evaluation (Total: US$5.358 million of which GEF financing: US$985,284)

11.   **The objective is to ensure effective and efficient implementation of the project activities in order to achieve the PDO.** This component will finance incremental operating costs of the National Project Management Unit (NPMU) led by the Director General of PKPS in ensuring efficient delivery of project resources to achieve the PDO. The component finances the establishment of a robust monitoring and evaluation (M&E) system to document project progress and results. The component also focuses on project management arrangements and mechanisms including support to project governance structures, coordination with other partners, as well as M&E, preparation and supervision of implementation-related plans (including Annual Work Plan and Procurement Plan), and fiduciary responsibilities such as procurement, financial management, and safeguard compliance. In addition, incremental financing allocated to this component also supports the

procurement of essential goods and equipment for all public agencies involved in project implementation at the national, provincial, and local levels. To strengthen project management, incremental financing would also be available to support selected technical assistance such as financial management specialists, procurement specialists, and M&E specialists. The key outputs/outcomes of this component would be the effective implementation of project activities with due diligence and integrity.

ANNEX 3: Land Tenure Rights System and Social Forestry

COUNTRY: Indonesia
ID: Strengthening of Social Forestry in Indonesia

Introduction

1.   Under Indonesia's 1945 Constitution, the legal ownership of land, water, and natural richness is vested in the people. The state, as the manifestation of the people's political organization, controls and administers all lands, water, and natural resources – on behalf of the people – to be exploited for their greatest welfare.[59] Under the Indonesian Basic Agrarian Law of 1960 (BAL), which is the umbrella regulation for agrarian affairs (including land, water, natural resources, and air space), this state's right of control (*hak menguasai negara*) endows the state with the authority to regulate the use of lands, water, and air space, and to regulate the legal relations between human and lands, water, and air space.[60]

Land Tenure Right System under Indonesian Law and Its Application to Forest Area

2.   From a tenure perspective, all lands in Indonesia can be categorized as either state land or titled lands. State land refers to land under direct control of the state and which is not encumbered by any land right. State land is often referred to the "state free land." In practice, state free lands are lands with no tenure claim. Titled land refers to the land which is encumbered by tenure right. The criterion for differentiating between those two types of land is whether the land is used or utilized. If the land is not used, then the land falls under direct control of the state (state free land). Once the land is used, it would then require the issuance of certain rights or entitlement enabling the user or users (private citizens, state agencies, or others) to use or utilize the land.[61] This principle applies across all types of lands and all forms of land utilization. The BAL provides for various types of land rights, including right of ownership (*Hak Milik*), right to build (*Hak Guna Bangunan*), right to use (*Hak Pakai*), right to lease (*Hak Sewa*), right to utilize for business (*Hak Guna Usaha*), and others.[62] There are also other rights on land emerging and regulated under different legal frameworks outside BAL such as Right to Manage (*Hak Pengelolaan/HPL*)[63] and right to a multistorey building unit (*Hak Milik atas Satuan Rumah Susun*/Strata Title).

3.   Forest and forest area may exist in state and titled lands. Under the Forestry Law of 1999, forest situated on state land is defined as state forest, and forest situated on the titled land is defined as titled forest.[64] While forest boundary defines the functional border between forest and nonforest use of the lands, the division of state forest and titled forest technically defines the boundary between different tenure (state tenure for state forest and private tenure for titled forest) of the land.

Figure A3.1 illustrates the correlation among state land, titled land, state forest, titled forest, and forest boundaries.

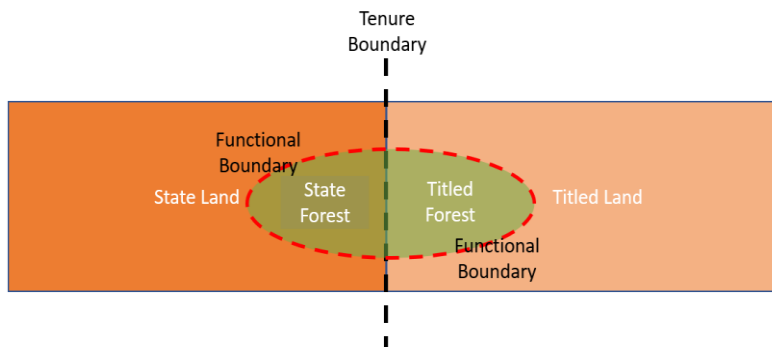[59] Article 33(3) of the Indonesian Constitution.

[60] Article 4 of the BAL.

[61] This principle applies across land use, including plantation, forest, fisheries, agriculture, and mining, with the exception of the Right to Manage (Hak Pengelolaan, HPL), which is not a land right per se. HPL is a form of state's right of control partly vested to the government agencies, the holders of the HPL. HPL is not expressly provided in the BAL, although the principle has been regulated in the general elucidation of the BAL. HPL has then developed under other regulatory frameworks such as ATR/BPN Regulation 9/1999 and Government Regulation 40/1996.

[62] Article 16 of the BAL.

[63] HPL is not a land right. HPL is a state right of control partly vested or delegated to certain state agencies to manage such lands.

[64] Article 5 Forestry Law.

Figure A3.1. Correlation among State Land, Titled Land, State Forest, Titled Forest, and Forest Boundaries

4.   The challenge of land governance in Indonesia is also due to the practice of dualism in land administration, where forestlands, including the interpretation that they are state lands, are managed by the MoEF, and non-forestlands are administered by the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN), where those two regimes tend to operate independently from each other. Each regime develops its respective policies and regimes in managing the allocation and use of lands. International best practice, however, suggests that a unified/single land administration be in place where all lands are administered under a single administrative authority providing accurate, unified, and integrated land and geospatial information on different land use and utilization (forest, agriculture, residentials, commercial, and so forth), thereby avoiding the incoherence created by the asymmetry in land policies and governance.

Social Forestry Initiative

5.   The Indonesian agrarian law adopts the principle of horizontal separation where the ownership, or tenure, of the land may differ from that of assets on the land.[65] The implementation of this principle is also reflected in the Forestry Law of 1999, which mandates that the MoEF manage all affairs relating to forests and forestry (on top all tenure types of land).[66] Under the social forestry scheme, state forest areas can be licensed to the community, group, or villages to manage the forest resources, enabling the licensees to engage in forest-based activities in the forest area. For forests on titled lands, including on private and adat lands, the social forestry scheme provides support to the community in managing the forest resources in exchange for the restriction of not converting the land use to nonforestry use.

6.   In 2016, the Government of Indonesia enacted MoEF Regulation 83/2016 regarding Social Forestry with the intention of reducing tenure conflict and promoting the livelihood of the community and the adat community living in forest area or in surrounding forest area by providing access for forest resources to the community while maintaining/implementing sustainable forest management. Social Forestry is defined as a community-based forest management scheme within state forest and adat forest, under which the community will be granted concession in the state forest to support their livelihood. Social forestry scheme provides for various types of forestry concessions for the community, such as the Village Forest (*Hutan Desa*), Community-based Forest (*Hutan Kemasyarakatan*), Community Forest Plantation (*Hutan Tamanan Rakyat*), Forestry Partnership, and the recognition of the *Hutan Adat* status as part of titled forest.

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[65] Article 35 of the BAL. See also Articles 44 and 45 and their elucidations.
[66] Article 4 of Forestry Law and Presidential Regulation 16/2015.

Room for Regulatory Improvements and Follow-Up

7.   MoEF Regulation 83/2016 establishes procedures for obtaining social forestry permits, and provides for the role of a PPS Task Force or forestry facilitator to assist the community in preparing the forestry management plan as part of submission documents for the application for a social forestry license.[67] Monitoring and evaluation by the facilitator, PPS Task Force, or the head of KPH is also provided in the regulation. Various technical guidelines for the implementation of such capacity building support will be issued under MoEF Regulation 83/2016. These technical guidelines will fill in the gap between the needs of the community in engaging in forest operation to support their livelihood, and the government's expectation that forest will be managed sustainably and in an environmentally and ecologically sound manner. Preparation on those contemplated technical guidelines would need to be followed up. As a social forestry permit typically runs for a period 35 years and is subject to renewal or extension and evaluation every five years, the regulation would need to provide clear terms and conditions for such renewal, extension, or revocation of the social forestry license. Further detailed elaboration would be needed in this regard to provide legal certainty on the sustainability of the forestry licenses.

8.   Pursuant to MoEF Regulation 83/2016, social forestry concessions are nontransferable and cannot be inherited and will run for a period of 35 years subject to evaluation every five years. Social forestry licenses cannot be leveraged as collateral. Article 54 of MoEF Regulation 83/2016 states that the crops/plants grown under social forestry permits can be leveraged as collateral for financing.[68] Further legal analysis on the form of the security rights under which assets (plants/crops) grown under social forestry permits may be secured will need to be undertaken to clarify the operationalization of the notion of collateralizing such assets.

9.   While social forestry schemes offer the opportunity to the community to use forest and natural resources in the forest to support their livelihood, it may not respond to the community land tenure claims in the forest area, which is the source of the conflicts in the forest area. Claims in the forest area are typically claims on the land tenure instead of claims for access or permits. Further refinement/clarification in the social forestry schemes and regulations would be required to enable social forestry schemes to be open and able to respond to the tenure claim issues but maintain the forest functions of the claimed lands. This will require the social forestry initiative to include titled forest/*Hutan Rakyat* as one of the offered schemes. Collaboration with the ATR/BPN will ensure preservation of the forest functions in the titled land through certain legal instruments in the relevant land rights (such as planning restriction and annotation in the land records). This approach is expected to promote both the role of social forestry as a mechanism to address tenurial/agrarian conflict in the forest areas, and sustainable forest management through the recognition of land tenure in the forest area.

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[67] Article 52 of MoEF Regulation 83/2016.
[68] Articles 53 and 56 of MoEF Regulation 83/2016.

1.   The 2011 One Map policy of the Government of the Republic of Indonesia strives to establish a unified set of geospatial data on land and natural resources use for decision making at the national and subnational levels. It is a tool to compile and publicly access a common land use map of forests, fields, villages, reserve lands, and so forth, across Indonesia, enhance the registration of state lands to the single land book and cadastre of public and private lands, and is a mechanism to identify private and communal rights and adat land holdings and integrate them into the single unified land book and cadastre.

2.   Going a step further, the Government of Indonesia's Medium-Term Development Plan (RPJM) for 2015–2019 adopted ambitious targets for 1:5,000-scale mapping in its Agrarian Reform and Forest Area demarcation. Under the RPJM, the Ministry for Agrarian and Spatial Planning/National Land Agency (ATR/BPN) is responsible for the issuance of 23 million land permits (4.1 million hectares) in nonforest areas, making the participatory land registration (PTSL) work to establish clarity on actual land rights and land use at the village level. The Government of the Republic of Indonesia and the World Bank have agreed on support for preparing and implementing a Program to Accelerate Agrarian Reform.

3.   The Program to Accelerate Agrarian Reform's Project Development Objective is to establish clarity on actual land rights and land use at the village level in the target areas. This objective will be achieved by (i) participatory mapping including fit-for-purpose mapping of parcels, land use, indicative village administrative boundaries, and other land use (Forest Area boundaries, mining concessions, and so forth). The Program to Accelerate Agrarian Reform will target Agrarian Reform and the GOI's priority fire-prone provinces in Sumatra (Riau, Jambi, and South Sumatra) and Kalimantan (East, Central, West, and South).

4.   The Program to Accelerate Agrarian Reform may involve the reconstruction/confirmation of the boundaries between state and nonstate lands in the target areas as part of the systematic land tenure rights assessment and registration. Collaboration between ATR/BPN andthe MoEF will allow the SSF project to help identify and asses tenure claims in the area near forest boundary, confirming the location of the forest boundary and maintaining boundary between forest and nonforest use of the land. For SF permit applications specifically, the process is guided by regulations on PIAPS determination which overlays numerous existing maps including community maps, and involves a field level consultation and technical verification process to confirm the identities of applicants and the proposed demarcated areas. The boundaries will be reconstructed/confirmed in a 1:5,000-scale map according to the current ATR/BPN and MoEF regulations and modalities. Where no enacted boundaries exist, a joint task force will be formed involving the appropriate ATR/BPN office, Forest Management Units (KPH), and provincial and regency local governments to affirm state forest boundaries in the program's target areas. The affirmation by the joint task force will follow Presidential Instruction No. 2 of 2018, and the MoEF's relevant regulations. The joint task force will identify forest areas within their areas of jurisdiction, undertake joint survey and mapping (de facto adopting the PTSL mapping), and prepare the necessary documentation for functional forest boundary affirmation and publication. New streamlined and integrated processes for PTSL and forest boundary reconstruction and affirmation will be piloted during the first project year. Ideally, the forest boundary affirmation process will be integrated to the PTSL process during the project, and ideally PTSL will also support the identification of boundaries between state and nonstate land (titled land) within a forest area.

5.   The Program to Accelerate Agrarian Reform will also facilitate experimentation and dialogue in support of the integration of agrarian reform and parcel mapping initiatives carried out by the ATR/BPN and MoEF. The Perpres 2017/88 (PPTKH) establishes an interagency process, led by the Coordinating Ministry for Economic Affairs and involving the

ATR/BPN and MoEF, to consider tenurial claims by people living within forest areas. The PPTKH process will involve community inventories of tenurial claims, which will need to be participatory in nature and hence similar to the project's fit-for-purpose parcel mapping under the PTSL as stipulated in Presidential Instruction No. 2/2018. In addition, the MoEF will be encouraged to use Working Maps in PPTKH implementation produced by the Program to Accelerate Agrarian Reform, as the base map for forest areas.

Strengthening Collaboration between the SSF project and the Program to Accelerate Agrarian Reform

6.   The collaborative PTSL-PPTKH under the Program to Accelerate Agrarian Reform will identify the land tenure claims in forest areas, assess the tenure claims and the existing ecological conditions of the claimed areas, and assess the existing livelihood conditions of the claimed areas by understanding, organizing, and engaging with community and farmer groups in forest area. Those assessments would result in (i) recognizing legitimate tenure rights; (ii) safeguarding legitimate tenure against threats; (iii) providing access to justice to deal with infringements; (iv) preserving forest and biodiversity; (v) improving access to economic resources; and (vi) minimizing tenure disputes, violent conflicts, and opportunity for corruption under the Strengthening the Social Forestry in Indonesia (SSF) Project. The program could result in the communal land title for titled forest as part of the TORA, which will be strengthened under the Social Forestry Program. This will foster the development of the community forest as part of the titled forest, under which the sustainable (community) forest management may be strengthened through the land tenure recognition in the forest areas. Forest functions of the titled lands will be preserved and maintained through the establishment of specific legal instruments and annotations embedded in the related land rights granted for such community forests. Detailed legal analysis is expected to be undertaken to provide options for the most appropriate land rights for the community forests, which will take into account the ownership structure of the land of the community forests, the use characteristics of the land, and the livelihood of the community and the required control and monitoring mechanisms to establish sustainable forest functions of the lands. Those whose tenure claims do not meet the requirements for eligible land titling may also be granted Social Forestry Permits.

7.   The strengthening of regulatory frameworks for the communal land rights under the Program to Accelerate Agrarian Reform will also support the clarity of the legal status of the lands on which the *Adat* Forests are situated. This forms part of the implementation of Constitutional Court Ruling 35/2012 on the legal status of *Adat* Forest. Following the enactment of the certainty on the status of the land for the *Adat* Forest, the SSF Project is expected to also contribute to the capacity building of the *adat* community to participate in sustainable forest management.

8.   The Program to Accelerate Agrarian Reform will support the SSF Project in implementing the social forestry scheme in project areas in which tenure claims or conflict exist. While the tenure claims will be assessed and the conflicts dealt with under the Program to Accelerate Agrarian Reform, community empowerment and participation in forest management for their livelihood can be strengthened under the SSF Project.

ANNEX 5: Profiles of the SSF Project Sites and FIP-2-Supported FMUs in the Project Sites

COUNTRY: Indonesia

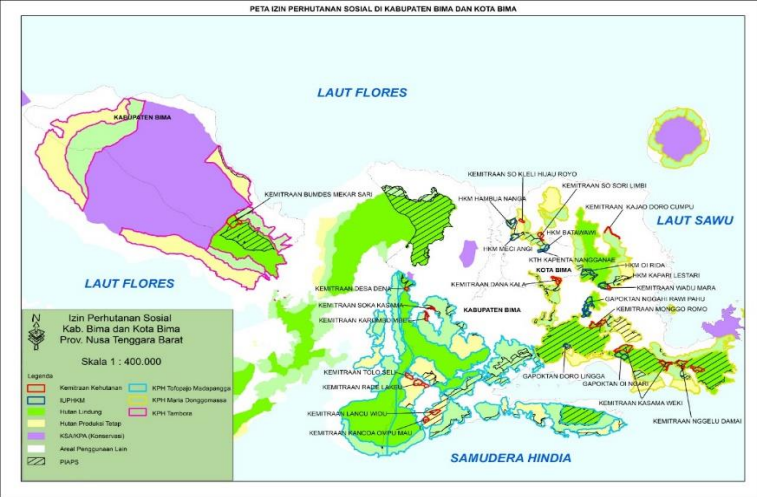ID: Strengthening of Social Forestry in Indonesia

Table A5.1: SSF Project Sites and Description

No.	Location	Geolocation ID (Latitude; Longitude)	Site Description	Maps
1	South Lampung District, Lampung Province	S 5°27'11" E 104°59'16"	The proposed project site is in South Lampung District, covering 46,389 ha. It consists of Community Forestry/HKm (5,281 ha), Village Forest/HD (2,197 ha), Community Timber Plantation/HTR (3,508 ha), Forestry Partnership/Kemitraan in Protection Forest (30, 243 ha), and Production Forest (5,160 ha). These forest areas are among the oldest tropical lowland and semi-upland registered forests (1954) in Sumatera and are the remaining intact forest area in the district. These intact forest areas are considered relatively small but are home to some of the endangered wildlife, as listed on Indonesian Protected Species and IUCN lists, including wild Sumatran cat (*Felis bengalincis*), Sumatran (clouded) leopard (*Neofelis nebulosa*), and Sumatran gibbon (*Agile gibbon.* The forest area also includes a list of	

			rare tree species such as Sumatran merbau (*Instia palembanica*) and *Damar mata kucing* (*Shorea javanica).* The project site also serves as a refuge area for many bird species that inhabit the Mount Krakatau Nature Reserve, and as a resting place for birds and raptor migratory species within the flyway corridor from the northern area.	
2	Lima Puluh Kota District, West Sumatra Province	S 0°01'00" E 100°35'14"	The district is in the eastern part of the Sumatran mountain range and is famous as a jewel of West Sumatra. There are several protected areas and recreation places including Lembah Harau Nature Reserve and the Forest Recreation Area of Lembah Harau. The nature reserves and the adjacent forest areas are habitat for Sumatran endangered wildlife such as the critically endangered Sumatran tiger. The proposed project site covers 110, 559 ha of upland and semi-upland forest, comprising Community Forestry/HKm (5,400 ha + 39,643 ha) and Village Forest/HD (25,912 ha +39,643 ha), which are scattered adjacent to the nature reserve and forest protection areas in the district. As such, this site will serve as the social economic buffer for the forest areas. The local communities have a long tradition of managing forest area called *hutan nagari*. Hence, local communities can continue managing the area by formally receiving its	 IZIN PERHUTANAN SOSIAL DI KABUPATEN LIMA PULUH KOTA

3	Dompu, West Nusa Tenggara	S 8°36'00" E 118°37'00"	use rights under the Social Forestry Program through the project support. It is expected to enhance the management of these forests and maintain the adjacent forest and/or protected areas sustainably.	
			The two districts (Bima and Dompu) are administratively located within West Nusa Tenggara Barat Province.	Dompu, West Nusa Tenggara
4 & 5	Bima, West Nusa Tenggara	S 8°30'34" E 118°28'54"	The proposed project site in Bima District covers 63,821 ha, which will be allocated for Community Forestry/HKm. In Dompu District, the project site covers 53, 444 ha, which consist of Community Forestry/HKm (52,811 ha), Community Timber Plantation/HTR (324.75 ha), and Forestry Partnership/Kemitraan (309 ha). Granting these forest areas to the community through the Social Forestry Program is expected to improve the prosperity of the community while recovering and rehabilitating degraded area into forest.

The forest area in Bima District is known for its habitat of more than 7 species of medicinal plants. Dompu District is well known for its biodiversity richness. Based on recent exploration by the Indonesian Institute of Sciences, 625 species of flora and fauna, in particular birds and insects, were | |
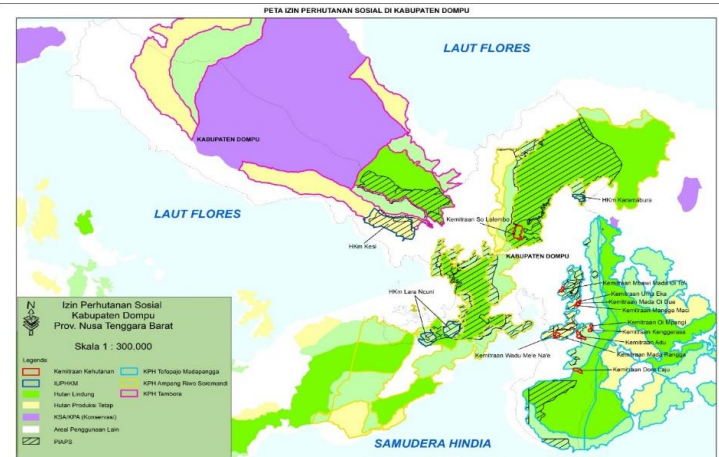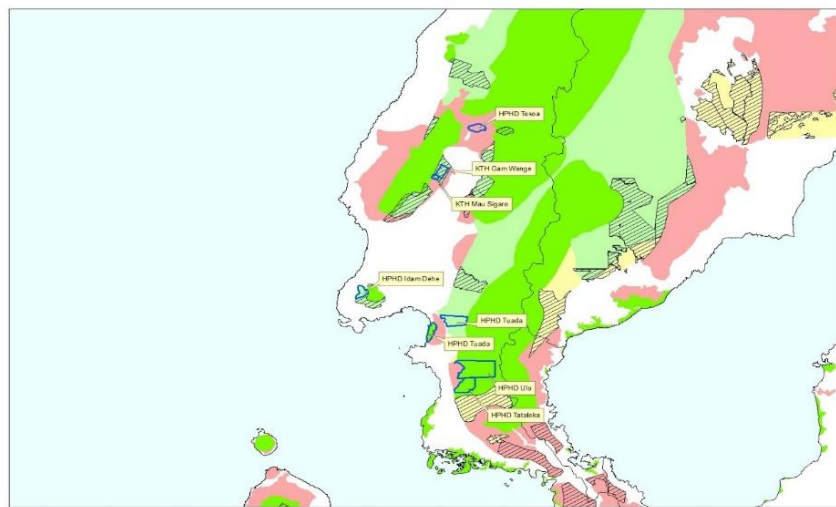
			discovered in Dompu, especially within the Tambora National Park.	Bima, West Nusa Tenggara
6	West Halmahera District, Maluku Province	N 1°25'02" E 127°33'10"	Halmahera island is one of the biodiversity hot spots within the Wallace ecoregion categorized and characterized by numerous endemic or near endemic species including 43 bird species, including *Cacatua alba* and *Eos squamata*; 9 mammal species, including *Phalangeridae phalanger*; and a number of herpetofauna species. 22,743 ha of forest area within the administrative District of Halmahera Barat have been granted to the community in the Community Forestry (HKM) scheme (5,6614 ha), Village Forestry (HD) (6,453 ha), Community Plantation Forest (HTR) (7,010 ha), and households (3,664 ha) with the aim to improve prosperity while maintain the forest area sustainably.	

Figure A5.1: Location of 6 Project Sites

Note: The project selected six sites, based on preidentified criteria.

Table A5.2: FIP-2-Supported FMUs in the SSF Project Sites

No.	District/Province	Existing FMUs in the SSF Project	Existing FMUs in other World Bank-Financed Projects
1	South Lampung District, Lampung Province	1. Protected Forest Management Unit (KPHL) Model Rajabasa (total area extent: + 5,160 hectares) 2. Production Forest Management Unit (KPHP) Model Gedong Wani (total area extent: + 30,243 hectares) 3. Production Forest Management Unit (KPHP) Model Gedong Wani (total area extent: + 1,004,735 hectares).	
2	Limapuluh Kota District, West Sumatra Province	1. Protected Forest Management Unit (KPHL) Bukit Barisan (total area extent: ± 86,511 hectares) 2. Protected Forest Management Unit (KPHL) Lima Puluh Kota (total area extent: ± 117,552 hectares) 3. Protected Forest Management Unit (KPHL) Hulu Batanghari	
3	Dompu District, West Nusa Tenggara Province	1. Protected Forest Management Unit (KPHL) Toffo Pajo Unit XVI	2 FMUs in West Nusa Tenggara Province, supported by FIP2 (World Bank): 1. Protection Forest Management Unit (KPHL) Rinjani Barat di Propinsi NTB 2. Production Forest Management Unit (KPHP) Batulanteh In this area there are also 5 customary area/communities that are supported by Dedicated Grant Mechanism (DGM) Indonesia, so potential synergy may be
4 & 5	Bima District, West Nusa Tenggara Province	1. Forest Management Unit Tambora (total area extent: 57,181 hectares) 2. Forest Management Unit Toffo Pajo Madapangga Rompu Waworada (total area extent: 96,607 hectares) 3. Production Forest Management Unit (KPHP) Maria Donggomassa (total area extent: 70,651 hectares)	

No.	District/Province	Existing FMUs in the SSF Project	Existing FMUs in other World Bank-Financed Projects
			sought and overlaps avoided.
6	West Halmahera District, Maluku Province	1. Protected Forest Management Unit (KPHL) West Halmahera (total area extent: 140,808 hectares) 2. Production Forest Management Unit (KPHP) Bacan 3. Production Forest Management Unit (KPHP) Mount Sinopa (total area extent: ± 44,577 hectares)	

Figure A5.2: Map of Project Sites Supported by FIP Program, DGM Indonesia Project, and SSF Project