



## 1. Project Data

<b>Project ID</b> P165742	<b>Project Name</b> ID: Strengthening of Social Forestry	
<b>Country</b> Indonesia	<b>Practice Area(Lead)</b> Environment, Natural Resources & the Blue Economy	
<b>L/C/TF Number(s)</b> WBTF-B2430	<b>Closing Date (Original)</b> 30-Jun-2025	<b>Total Project Cost (USD)</b> 12,979,713.09
<b>Bank Approval Date</b> 22-May-2020	<b>Closing Date (Actual)</b> 30-Jun-2025	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	0.00	14,317,909.00
Revised Commitment	0.00	12,979,713.09
Actual	0.00	12,979,713.09

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## 2. Project Objectives and Components

### a. Objectives

According to the Project Appraisal Document (para 30), the Project Development Objective (PDO) was to improve access to forest land use rights and strengthen community management in selected priority areas allocated for social forestry.

For this review, the PDO is parsed into two subobjectives:



*Subobjective one:* to improve access to forest land use rights in selected priority areas allocated for social forestry.

*Subobjective two:* to strengthen community management in selected priority areas allocated for social forestry.

**b. Were the project objectives/key associated outcome targets revised during implementation?**  
No

**c. Will a split evaluation be undertaken?**  
No

**d. Components**

The project had three components.

**Component 1 - Policy and Institutional strengthening to Support Social Forestry (Appraised: US\$19.23 million, of which GEF: US\$6.26 million; GOI: US\$12.98 million; Actual: US\$7.00 million, of which GEF: US\$2.50 million and GOI: US\$4.50 million).**

This component aimed to create an enabling environment for the successful development and strengthening of social forestry in Indonesia. It supported the activities through four subcomponents.

*Subcomponent 1.1:* supported the Ministry of Environment and Forestry (MoEF) in developing and harmonizing the relevant policies, regulations, and procedures to facilitate implementation through the development of subnational policies and a strengthened fiscal policy framework for decentralized fiscal transfers.

*Subcomponent 1.2:* supported the strengthening of institutional capacity at appropriate levels of government, which included the establishment of the social forestry task force at various levels and village forest institutions.

*Subcomponent 1.2:* (iii) supported strengthening capacity in government and community levels and the development of information necessary to issue rights and permits.

**Component 2 - Strengthening Community Management within Social Forestry (Appraised: US\$84.84 million, of which GEF: US\$7.08 million and GOI: US\$77.76 million; Actual US\$91.75 million, of which GEF: US\$9.87 million and GOI: US\$81.88).**

This component aimed to assist communities in developing and implementing sustainable forest management plans. It supported activities through three subcomponents.

*Subcomponent 2.1:* offered technical assistance to communities to register to receive appropriate land rights, map and demarcate the boundary of community plots, and develop village forest management plans



*Subcomponent 2.2:* provided technical assistance and block grants to communities to implement sustainable livelihood activities, which included production, harvest, processing, marketing and promotion of sustainable products and services

*Subcomponent 2.3:* provided community block grants to communities/farmers groups to implement priority community investments

**Component 3 Project Management, Monitoring and Evaluation (Appraised: US\$5.36 million, of which GEF: US\$0.98 million and GOI: US\$4.37 million; Actual US\$19.54 million, of which GEF: US\$0.67 million and GOI: US\$18.88 million)**

This component aimed to ensure effective project implementation.

The component financed technical and operational assistance to support coordination, technical matters, procurement, compliance with safeguards and Monitoring and evaluation.

#### **e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

##### **Project cost**

The project was appraised at US\$14.32 million, and it cost US\$13.05 million.

##### **Financing**

The project was financed through a GEF grant of US\$14.32 million.

##### **Borrower contribution**

The borrower was expected to contribute US\$95.11 million and contributed US\$105.26 million.

##### **Dates**

The project was approved on May 22, 2020, and became effective on September 15, 2020. The Mid-Term review (MTR) was held on November 21, 2023. The project closed as planned on December 30, 2025.

### **3. Relevance of Objectives**

#### **Rationale**

##### **Country context**

Indonesia experienced strong economic growth in the decade preceding the project, resulting in significant reductions in poverty. However, the economy remained heavily reliant on the extraction of non-renewable resources, which accounted for 16 percent of GDP. Agriculture and forestry also played an important role, contributing 14 percent of GDP and employing about 33 percent of the labor force. Despite this growth,



people dependent on forestry and rural land for their livelihoods—including indigenous communities and others practicing communal or customary tenure—remained disproportionately poorer than the national average. At the same time, commodity-driven land conversion imposed significant environmental costs, including deforestation, forest degradation, and greenhouse gas emissions. Land use change, particularly forest conversion, accounted for roughly three-quarters of Indonesia’s GHG emissions (PAD, para 3).

Indonesia’s land governance system is dualistic. Under the State Forestry Law, the Ministry of Environment and Forestry (MoEF) designates and manages areas classified as forest, while under the Basic Agrarian Law, the Ministry of Agrarian and Spatial Planning/National Land Agency (ATR/BPN) oversees land registration and the issuance of land tenure rights (PAD, para. 6). This dual system has led to unclear legal recognition of land rights and tenure arrangements in forest areas, limiting the formal recognition of communities living there and contributing to land conflicts that threatened livelihoods and drive forest loss and degradation. Improving community access to legally recognized forestland-use rights could reduce land conflicts, enhance land-use planning, and strengthen forest conservation (PAD, para. 9).

### **Country Priority**

Improving forest community livelihoods through tenure management has become a government priority in 2018 when the Government of Indonesia (GOI) enacted Presidential Regulation 86/2018 on Agrarian Reform. The policy includes redistributing state lands to the landless population, with the goal of resolving conflicts and providing access to capital resources for earning a livelihood. The PDO was relevant to the objectives of the Social Forestry Project (SFP) the Government of Indonesia (GoI) implemented under the agrarian reform agenda. The PDO remains relevant to strategies of the country as targets for SFP have been embedded in Medium Terms Regional Plans 2020-20224 and 2025-2029. Social forestry is also central to Indonesia’s 2045 vision.

### **World Bank Strategy**

The PDO was relevant to the World Bank Group’s Country Partnership Framework (CPF) 2016–2020 for Indonesia, which called for forward-looking management of Indonesia’s natural resources. It was also relevant to the World Bank Group Sustainable Landscapes Management program in Indonesia. It remains relevant to the Bank’s CPF 2020-202516, specifically with Objective 4.1 and 4.2 to strengthen the management of natural assets and the environment and to improve agriculture and natural resources-based livelihoods.

### **The Level at which the PDO was Pitched**

The PDO to improve access to forest land use rights and strengthen community management in selected areas allocated for social forestry was pitched at outcome levels. Achieving the PDO would enable communities to benefit sustainably from forests.

Summary: Despite a decade of strong economic growth and poverty reduction, poverty remained higher than average among communities dependent on forests and land for their livelihoods. Unclear land rights and tenure arrangements in forest areas contributed to conflicts, deforestation, and land degradation. In this context, the PDO to improve access to land use rights and strengthen communities was highly relevant to Indonesia’s social forestry strategy and its efforts to redistribute land to the landless.



## Rating

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To improve access to forest land use rights in selected priority areas allocated for social forestry

#### Rationale

##### The Theory of Change (ToC)

The Theory of Change (ToC) articulated in the PAD (para. 49) and restated in the ICR (paras. 10–12) posited that harmonizing relevant policies, regulations, and procedures to facilitate implementation of the Government of Indonesia's Social Forestry Program (SFP), strengthening institutional capacity, and supporting knowledge generation and management at the district level would generate outputs such as SF-related regulations and social forestry groups supported by at least one facilitator. These outputs were expected to expand community access to forest land-use rights.

One PDO indicator measured this outcome directly: the area under social forestry schemes with permits issued to communities. This indicator corresponds closely to improved access to forest land use and therefore provides a robust measure of the intended outcome.

The ToC was plausible, as the outputs could reasonably be expected to lead to expanded access. However, it relied on key assumptions, including that communities would organize – with help from the project – to participate in social forestry and that strengthened policies and institutional capacity would enable the GOI to implement the SFP more effectively.

#### Outputs

Project activities contributing to the outcome included the preparation of management plans, participatory mapping and boundary demarcation, development of policy and regulatory frameworks, and strengthening of institutional capacity. The project simplified guidelines for demarcating community boundaries and provided administrative and technical support to communities both before and after they received land-use permits. The indicators were as follows.

- Six selected provinces/districts established social forest management plans that integrate conservation of biodiversity into their economic strategic plans, meeting the target of 6 provinces/districts
- 23 regulations related to social forestry were drafted and submitted for approval, exceeding the target of 13 regulations
- 403 social forestry groups received support from at least one social forest facilitator/integrated extension service provider, exceeding the target of 303



- 364,274 (14,208) ha under the social forestry permits were mapped and/or boundary demarcated with community participation, falling short of the target of 300,000 ha
- 706 communities received a social forestry permit for land use, exceeding the number of 303

### **Outcome**

A single indicator measured the area for which SF permits were issued to communities as follows.

- 364,274 hectares were under social forestry schemes with SF permits accorded to communities, exceeding the target of 300,000 hectares

The project exceeded its target for issuing land use permits to communities. This achievement can be attributed to activities that strengthened state capacity to grant permits, enhanced community capacity to receive and manage them, and supported the development of appropriate policies. The objective was therefore achieved with substantial efficacy

### **Rating**

Substantial

## **OBJECTIVE 2**

### **Objective**

To strengthen community management in selected priority areas allocated for social forestry

### **Rationale**

#### **Theory of Change (ToC)**

The Theory of Change further posited that supporting community organizations through technical assistance to prepare plans, grants to implement sustainable use plans, and broader support for community investments would generate outputs such as the share of livelihood groups funded from multiple sources and beneficiary satisfaction with project interventions. These outputs were expected to strengthen community management capacity in targeted areas.

Three indicators were used to measure the outcome: i) area brought under good management practices, ii) greenhouse gas (GHG) emissions mitigated, and iii) the number of people with increased monetary and non-monetary benefits from the project. The area under improved management reflected adoption of at least two technologies or approaches to enhance land quality or restore degraded land; GHG reductions captured environmental outcomes resulting from these land-use changes; and the number of beneficiaries reflected gains associated with the issuance of land-use permits. However, all three indicators only indirectly measured improvements in community capacity.

The ToC was plausible, as the outputs could reasonably be expected to contribute to improved management outcomes. However, it relied on key assumptions: that communities would secure adequate financing – from the project and other sources – to support their enterprises, and that these enterprises would be viable and lead to sustained adoption of improved management practices.



## Outputs

Key project activities contributing to the outcome included community grants, business development support, and efforts to strengthen sustainable livelihoods. Small grants were provided to farmer organizations to support activities such as agroforestry, post-harvest processing, and ecotourism, thereby improving land management and increasing vegetation cover. The project supported farmer groups in developing between two and six commodities. Larger innovation grants were not implemented due to the lengthy proposal process. Nevertheless, the disbursed grants strengthened community enterprises and promoted more sustainable land management practices. The relevant indicators were as follows.

- The project fell marginally short on funding (either by own sources, micro finances or others), social forestry sustainable livelihood groups (106 groups achieved Gold status, falling short of the target of 133, and 25 achieved the platinum status, almost reaching the target of 133)
- 99 percent of the beneficiaries sharing a social forestry permit were satisfied with project interventions, exceeding the target of 80 percent.
- 272,620 hectares of forest areas were brought under management plans, falling marginally short of 300,000 ha

## Outcomes

Three indicators, area that came under desirable practices, the GHG emissions mitigated, and the number of persons who benefited directly or indirectly from the project. the indicators were as follows.

- 309,873 hectares were under sustainable landscape management practices, exceeding the target of 300,000 hectares
- 884,041 metric tons per year of Greenhouse Gas (GHG) emissions were mitigated, falling short of the target of 9,209,969 metric tons per year
- 203,489 persons in the targeted forest and adjacent communities increased their monetary or non-monetary benefits from forests, exceeding the target of 150,000 (of them, 42 percent were female, exceeding the target of 30 percent)

The project's performance against targets was mixed. The area brought under sustainable management exceeded the target. However, the GHG emission-reduction targets associated with land-use changes were not met; although the project generated a net carbon sink, it fell short of the projected reductions. The ICR attributes this gap to overly optimistic assumptions made at appraisal (Annex 4, para. 6). The project also exceeded the target for the number of individuals benefiting, though these benefits largely reflected the granting of land-use rights rather than gains realized from enterprise development, particularly since innovation grants to community organizations were not implemented.

The ICR provides some, though limited, evidence of strengthened community capacities. Training participants demonstrated improved understanding of participatory mapping and the utilization of non-timber forest products (NTFPs) (para. 37). Social forestry permits facilitate sustainable harvesting of NTFPs and the generation of ecosystem services, such as ecotourism and the provision of clean water. A 2024 survey indicated that households benefiting from social forestry permits experienced modest improvements in livelihood assets: social capital increased by 20 percent, financial capital by 11 percent, and natural capital by



7 percent through higher productivity. However, gains in human and physical capital were marginal (ICR, para. 42).

The project achieved this objective with substantial efficacy, although the assessment is constrained by limitations in the appropriateness of the outcome measures.

**Rating**  
Substantial

## OVERALL EFFICACY

### Rationale

The theory of change posited that combining support for policies, regulations, and information systems to facilitate the transfer of forest use rights with assistance to social forestry groups in developing sustainable enterprises would expand community access to forest land and strengthen community-based forest management.

The project achieved the first objective with substantial efficacy, meeting the target for the area transferred to communities and strengthening government policies and institutional capacity to implement the transfers. It also achieved the second objective with substantial efficacy, though there were some moderate shortcomings including indicators that only indirectly captured improvements in community capacity. Evidence indicates that the targeted area was brought under improved management, a net reduction in GHG emissions was achieved despite missing the original target, and more people benefited from the project than the targeted number.

### Overall Efficacy Rating

Substantial

## 5. Efficiency

### Efficiency

**Ex ante.** The economic analysis considered benefits from reduced GHG emissions, enhanced biodiversity, expanded community forest use, and livelihood gains. It estimated a Net Present Value (NPV) of US\$266.7 million and an Internal Rate of Return (IRR) of 211 percent over five years.

**Ex post.** The analysis at closing captured measurable gains from expanded access to forest use rights, climate change mitigation, and direct beneficiaries. It estimated an NPV of US\$304.7 million and an IRR of 216 percent. Even if only 25 percent of total benefits are attributed to the project, the IRR would be 21 percent—compared to 9 percent under similar assumptions at appraisal—and the NPV would be US\$24.2 million (ICR Annex 4, para.



9). By exceeding targets for land area transferred and number of beneficiaries reached, and generating measurable climate mitigation benefits, the project produced returns beyond original estimates.

**Administrative efficiency.** The project experienced delays due to factors beyond COVID-related travel restrictions, including budget allocation delays affecting consultant recruitment, reorganization within MoEF, and mismatches between preidentified social forestry areas and those proposed by communities (para. 67). The initial emphasis on permit issuance and lengthy procedures also limited implementation of innovation grants. Nevertheless, the project was completed within the original timeframe and generated returns exceeding appraisal estimates.

Overall, efficiency is rated Substantial.

### Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	211.00	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	216.00	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

### 6. Outcome

The PDO to improve community access to forest land use and strengthen community-based management was highly relevant to the Government of Indonesia’s Social Forestry Program, under its agrarian reform agenda. The project achieved the objectives with Substantial efficacy, largely meeting the targets, although the indicators did not directly capture improvements in community capacity. Efficiency was also Substantial, reflecting strong economic returns despite implementation challenges. Accordingly, the overall outcome is rated Satisfactory.

a. **Outcome Rating**  
Satisfactory

### 7. Risk to Development Outcome

The development outcomes face several risks.



**Policy and priority risks.** Although the new administration has reaffirmed its commitment to social forestry, its strong emphasis on food and energy security could encourage agricultural expansion, particularly in areas with weak land-use planning and forest governance. In addition, recent local elections have led to changes in key officials, potentially shifting development priorities and weakening support for sustainable forest management. Together, these factors pose a tangible risk to sustaining outcomes.

**Community capacity risks.** Staff turnover and service discontinuity threaten support for communities, weakening their implementation capacity. Reduced support for communities risks development outcomes.

**Access to finance risks.** Delays in grant disbursement limited the project's objective of improving the bankability and financial readiness of social forestry business groups. Many continue to face difficulties securing financing, meeting standards, and scaling up market-ready products, constraining their ability to capture full market value. Financing options for small- and medium-scale groups remained limited, particularly in the early stages of development, and without continued access to grants, credit, or reinvestment, their operations and growth may be at risk.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The project was strategically important to the Government of Indonesia (GOI) in advancing its Social Forestry Program (SFP), a key pillar of its agrarian reform agenda. The project combined support for developing policies, regulations, and information systems to facilitate the transfer of forest use rights to communities with assistance to social forestry groups in developing sustainable forest-based enterprises. Together, these components were expected to expand community access to forest land use rights and strengthen community-based forest management.

At appraisal, overall risk was assessed as high, particularly due to political and governance risks, given the need for sustained commitment from national and regional governments. As mitigation, the design emphasized strengthening regulations and institutions and promoting cross-sector coordination to build on the strong commitment evident at appraisal. However, the assessment failed to anticipate process-driven delays in disbursing innovation grants.

Implementation arrangements were appropriate, with the Ministry of Environment and Forestry (MoEF) leading implementation through forest management units and provincial forestry offices, supported by a National Project Management Unit (NPMU) responsible for day-to-day management. The M&E design was generally sound, with measurable PDO indicators and adequate intermediate indicators, although it could have better captured improvements in community capacity.

However, there were some design shortcomings. The Directorate of Social Forestry Business Development—legally mandated to provide post-licensing technical assistance—was not included in the initial institutional arrangements. The targets for GHG emission reductions were ambitious and based on limited data and assumptions. Moreover, attributing observed changes to the project was challenging because activities and outcomes were geographically dispersed and spatially aggregated (ICR, para. 65), and dispersed land-use changes may generate lower-than-expected climate benefits.



Quality at entry was satisfactory, as the project was strategically aligned with the Government of Indonesia's social forestry agenda and included appropriately designed components and implementation arrangements. Key risks were identified and mitigation measures were incorporated, and the M&E framework was generally sound. However, there were minor design deficiencies, including gaps in institutional arrangements, ambitious GHG targets based on limited data, and PDO indicators that did not fully capture changes in community capacity.

### **Quality-at-Entry Rating**

Satisfactory

#### **b. Quality of supervision**

The Bank team provided supervision on technical, fiduciary, and safeguards aspects through nine missions. Key achievements, decisions, critical milestones, and next steps were discussed during these missions, documented in aide-mémoires, and reflected in candid and timely ISRs shared with counterparts, including Bappenas, the Ministry of Finance, and the GEF Operational Focal Point.

The project addressed emerging challenges, including strengthening the role of Forest Management Units (FMUs) as Sub-Project Management Units (SPMUs) following the Mid-Term Review and establishing a coordination and communication protocol to clarify roles and responsibilities among implementing agencies.

With substantial quality at entry, despite minor design deficiencies, and timely and appropriate interventions to address issues that arose during implementation, overall Bank performance is also rated satisfactory.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The M&E design was generally adequate but could have been strengthened with a more robust set of PDO indicators, particularly to better capture changes in community capacity. Four measurable PDO indicators tracked outcomes. One effectively measured increased community access to forest areas and aligned with a highly visible government target. The remaining three—area under improved management, emissions reductions, and number of beneficiaries—only indirectly reflected improvements in community capabilities.



Additional indicators could have more directly captured the results of capacity-building interventions (ICR, para 75).

The results framework included eight intermediate results indicators (IRIs), which were largely sufficient to track outputs and intermediate outcomes. Five were output indicators (for example, social forestry groups supported by at least one facilitator), while the others measured intermediate outcomes, such as the area mapped under social forestry.

The design also contributed to the development of a broader national Social Forestry Program (SFP) monitoring system. A technical expert in the national project management unit oversaw project monitoring, and the plan included formal evaluations at midterm and completion.

### **b. M&E Implementation**

The project introduced digital tools to support decentralized M&E, enabling facilitators to update progress; these systems are expected to be integrated into the Directorate's website. Although the project operated without a dedicated M&E specialist during the first half of implementation, it collected data on all indicators. Initial delays in reporting—caused by multiple layers of verification—were addressed through capacity-building efforts, leading to more timely reporting.

The project also piloted the calculation of carbon sequestration potential from planted trees under a separate grant. The M&E system shows potential for sustainability, particularly given the absence of a comprehensive national SFP monitoring system and the visibility of key indicators to government stakeholders.

### **c. M&E Utilization**

M&E information was actively used to inform decision-making, including resource allocation across activities. The Bank team relied on M&E reports to assess progress, and the data also informed annual monitoring reports to the Global Environment Facility (GEF).

The M&E design was generally sound, with measurable PDO indicators and adequate intermediate indicators, though it could have better captured changes in community capacity. Implementation was largely effective, including the introduction of digital monitoring tools and completion of planned evaluations, despite early staffing and reporting challenges. The system was actively used for decision-making and reporting, including resource allocation and GEF monitoring. Overall, M&E design, implementation, and utilization are rated substantial.

### **M&E Quality Rating**

Substantial

## **10. Other Issues**



## a. Safeguards

### Environmental and Social Safeguards Compliance

The project faced substantial environmental and high social risks due to Indonesia's complex forest governance context and the potential for localized environmental impacts, land conflicts, and exclusion of vulnerable groups. While positive outcomes were anticipated—such as reduced deforestation, improved land tenure, and strengthened livelihoods—risks related to land rights disputes, elite capture, and inadequate participation required careful management.

To address these risks, the project applied the World Bank's Environmental and Social Framework (ESF), with ESS1–10 (excluding ESS9) deemed relevant. An Environmental and Social Management Framework (ESMF) established procedures for screening, mitigation, stakeholder engagement, grievance redress, and management of land and indigenous peoples' issues. Environmental and social risks, including occupational health and safety, were managed through implementation of the Environmental and Social Commitment Plan (ESCP), overseen by a dedicated NPMU team supported by safeguards specialists. A functional Feedback and Grievance Redress Mechanism operated at multiple levels, though some issues resolved informally in the field were not always formally recorded. Overall, safeguards compliance was rated Satisfactory

## b. Fiduciary Compliance

### Financial Management

The project maintained strong financial management, meeting all covenants and submitting timely, unqualified audit and Interim Financial Reports, with no major audit findings and prompt follow-up on recommendations.

However, challenges arose in reporting on community grants and ensuring timely budget availability, partly due to administrative changes that delayed some small and innovative grant disbursements and left a portion of funds undisbursed. Limited capacity among grant recipients also affected timely reporting, requiring intensive facilitation and hands-on support. Despite these issues, overall financial management performance remained robust.

### Procurement

Procurement was rated **Satisfactory**, supported by strong hands-on assistance from the Bank. The project followed Bank Procurement Regulations, operationalized them through the POM, and used STEP to maintain transparency and up-to-date records; most packages were low-value and community-focused. Although the NPMU lacked a dedicated Procurement Specialist during the latter half of implementation, the fiduciary team and the Bank's procurement specialists provided close support to address challenges. The experience highlighted the importance of sustained capacity building, dedicated staffing, and proactive supervision in community-driven operations.



**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

**12. Lessons**

The five lessons identified in the ICR have been consolidated into the following three.

**Granting legal rights to forest resources alone may be insufficient to enable forest-dwelling communities to fully benefit from them.** Even after securing tenure security and legal access, communities still face significant challenges in effectively managing forest areas. Intensive facilitation and technical support are essential to help them identify and develop sustainable livelihood opportunities. Most social forestry business groups remain small in scale, requiring capacity building in financial and digital literacy, business management, and participatory planning.

**Streamlining procedures, strengthening capacity, and providing proactive facilitation in the early stages—supported by value chain analysis and piloting—can improve the prospects for community groups to develop viable enterprises.** Grants helped communities access markets and private financing and catalyzed the expansion of social forestry activities, including agroforestry, ecotourism, post-harvest processing, and sustainability certification. However, delays in grant disbursement, limited capacity to prepare business proposals, and the underutilization of innovative grants underscored the need for more sustained technical support and simpler, more responsive financing mechanisms.

**Sustainable conservation practices are more likely to be adopted when community enterprises are economically viable and generate tangible benefits that can be reinvested in regenerative activities.** In particular, behavior shifts toward sustainable forest management were observed only when community businesses—such as coffee exports in Lampung and ecotourism in West Sumatra—became commercially viable.

**13. Assessment Recommended?**



No

#### **14. Comments on Quality of ICR**

The report comprehensively covers the required aspects in adequate detail. The assessment relies primarily on M&E data, which appear credible and appropriately sourced, and the information is presented with considerable depth. The explanation of the indicators and their construction in Appendix A is particularly helpful. The writing is generally clear, and for the most part the report is candid, with different sections well linked to present a consistent account of results. The lessons identified are broadly applicable.

Overall, the quality of ICR is substantial.

##### **a. Quality of ICR Rating**

Substantial