

IBRAHIM JAMES PAM
Chairperson
The Inspection Panel

December 23, 2025

IPN REQUEST 25/07

**Inspection Panel Notice of Registration
on a
Request for Inspection
Indonesia: East Kalimantan Project for Emission Reductions Results (P166244)**

Summary

1. On November 3, 2025, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”) related to the World Bank (the “Bank”)-financed Indonesia: East Kalimantan Project for Emission Reductions Results (P166244) (the “Project” or the “EK-PERR”). The Request was submitted by a local, non-governmental organization (NGO) – Perkumpulan Nurani Perempuan – who are representing members of the Long Isun community in East Kalimantan. The Requesters have asked that their names remain confidential for fear of retaliation. They have asked two international NGOs – Accountability Counsel and the Forest Peoples Programme organization – to be their advisors in the Panel process.

2. The Request alleges that the Project, designed to incentivize “*reduced deforestation and forest degradation in East Kalimantan, through payments for verified emission reductions and to ensure distribution of these payments under an agreed Benefit Sharing Plan*” is causing environmental and social harm to communities. It claims the Project proceeded despite knowing about delays in recognizing the Long Isun as Indigenous Peoples, which the Requesters allege exacerbated unresolved land and boundary disputes and infringed on their land and land-use rights.

3. The Request states the Project fails to acknowledge the community’s land rights and customary land use, restricts their ability to maintain cultural practices such as forest rituals and rotational farming, and creates livelihood losses. It claims the Project “*replaces Indigenous-led forest governance with a market-based, commercial-actor-driven model*” that commodifies forests as carbon assets, marginalizing Indigenous stewardship “*under the guise of sustainable*

management.” The Request also claims the Benefit Sharing Plan (BSP) “*entrenches structural discrimination*” by denying the community direct access to benefits. Additionally, the Request alleges the Project poses the risk of further harm due to an ongoing land boundary dispute, and it is deepening social divisions and exacerbating territorial disputes.

4. The Request further alleges that Project consultations were “*inadequate, misleading, coercive, and discriminatory from the outset*” and misrepresented the Free Prior Informed Consent (FPIC) process as it pertained to their community. The Request claims the Project made minimal efforts to ensure that women participate in consultations, benefit-sharing, or grievance processes in ways that reflect their needs and cultural roles. The Request also alleges that, since raising concerns, the community has faced “*veiled threats,*” coercion, and retaliation instead of meaningful engagement, and despite notifying the Bank.

5. On November 13, 2025, the Panel met with the Requesters and on November 26, 2025, the Panel acknowledged receipt of the Request by issuing a Notice of Receipt on its website. The Panel also met with Bank Management on December 15, 2025. The Panel conducted its initial due diligence of the Request and determined that it meets the applicable admissibility criteria. Therefore, by way of this Notice of Registration, I hereby inform you that on December 23, 2025, I have registered the Request for Inspection.

The Project

6. The Bank-supported EK-PERR is financed through the Bank-managed Trust Fund – the Forest Carbon Partnership Facility (FCPF) Carbon Fund. A FCPF Carbon Fund’s Emission Reductions Payment Agreement (ERPA) was signed on November 25, 2020, between the Bank and the Republic of Indonesia.

7. The EK-PERR was approved by the Board of Executive Directors (the “Board”) on November 11, 2022. The Project operation cost is a total of US\$110 million drawn from the FCPF Carbon Fund via an Emission Reduction Crediting (ERC) financing instrument. The Recipient is the Republic of Indonesia, and the implementing agency is the Ministry of Environment and Forestry (MoEF). The Project Development Objective (PDO) is to incentivize reduced deforestation and forest degradation in the province of East Kalimantan through results-based payments for verified emission reductions, and to ensure that payments made are distributed across the province in accordance with an agreed BSP.¹

8. According to the Project Appraisal Document (PAD), the Government of Indonesia (GOI) requested support from the FCPF and submitted an initial proposal in 2016. The GOI identified the province of East Kalimantan as a pilot for the FCPF Emission Reduction Program using the East Kalimantan-Jurisdictional Emission Reductions Program (EK-JERP). The PAD states that the Project provides a framework to ensure that the Government’s EK-JERP’s activities comply with World Bank Operational Policies related to environmental and social safeguards, monetary and

¹ PAD, p. 22, para. 28.

non-monetary benefits are distributed to relevant stakeholders in accordance with an agreed BSP, and investments are sustained longer than the lifetime of the Bank-funded Project.²

9. The PAD explains that the Project is the FCPF transaction relating to the ERPA and does not have components as investment operations. Rather, the Project is organized as a process that (a) verifies and pays for measured and reported ERs generated by the Government's EK-JERP, and (b) distributes ERPA payments according to the agreed BSP. It states that reported results should meet the Reduction Emission from Deforestation and Forest Degradation (REDD+) principles under the Paris Climate Agreement.³

10. The PAD states the proceeds from verified ER payments will be shared according to the agreed BSP, which defines the distribution mechanism, the flow of funds, and allocation rules for ERPA payments to beneficiaries. The Environmental Fund Management Agency of Indonesia will receive payments and transfer these in line with the BSP to identified stakeholders: government institutions, the private sector, and communities – including *Adat* communities – in East Kalimantan.⁴ The BSP includes different types of benefits, monetary and non-monetary, in the form of Responsibility, Performance, and Reward Allocations.

11. At appraisal, the over-all risk rating for the Project is marked as “*high*.” The Project triggers the following safeguard policies: Natural Habitats OP/BP 4.04, Forests OP/BP 4.36, Pest Management OP 4.09, Physical Cultural Resources OP/BP 4.11, Indigenous Peoples OP/BP 4.10, and Involuntary Resettlement OP/BP 4.12.⁵

The Request

12. The Request alleges the Project is causing significant environmental and social harm to the Long Isun community. This harm includes exacerbation of unresolved land and boundary disputes, delays in recognizing the community's status as Indigenous Peoples – creating livelihood losses and the risk of discrimination against this community – and exclusion from benefit-sharing. The Requesters' claims and allegations are summarized below.

13. **Alleged delayed recognition of Long Isun Indigenous Peoples.** The Request states that the Long Isun community, which depends on forest and river ecosystems for subsistence, livelihoods, and cultural survival, has not received formal recognition (*Masyarakat Hukum Adat*, MHA) from the Government of Indonesia. It adds that the Long Isun community identifies as “*Masyarakat Adat (Indigenous Peoples) under Indonesian law*” and satisfies the requirements for Indigenous Peoples under the Bank's related safeguard policy, OP 4.10.

14. The Request alleges the Project infringes on the community's identity and land rights in different ways, claiming:

² PAD, pp. 15-16, para. 12.

³ PAD, p. 17, para. 17.

⁴ PAD, p. 22, para. 30. *Adat* communities are Indigenous Groups in Indonesia with a strong link between their culture, the environment, and land.

⁵ PAD, p. 7.

- **Disregard of the customary right to occupy, use, and manage ancestral lands.** According to the Request, the Project undermines the Long Isun’s customary rights over their ancestral lands – “*rights that are the foundation of our identity and survival*” and are essential to their cultural and spiritual survival. It adds that the Project infringes on their ability to maintain cultural practices tied to the land, including forest rituals and rotational farming, in breach of the Bank’s Physical Culture Resources Policy, OP 4.11. The Request claims the Project proceeded without securing land tenure, respecting Indigenous stewardship, or providing their community with alternatives to sustain their culture and livelihoods.
- **Boundary conflicts.** The Request alleges the Project has intensified social conflict and increased risks for the Long Isun community by including an area subject to an unresolved boundary dispute with another community. The Request claims a timber concessionaire reached a concession agreement with another community, covering and including areas considered part of the Long Isun territory.
- **Loss of land-based livelihoods for Indigenous Peoples.** The Request states the community has traditionally sustained itself through small-scale logging, controlled swidden farming, and hunting – practices rooted in ecological knowledge that ensure use of the forest preserves it for future generations. It adds that while the Project acknowledged that restricting customary practices such as swidden farming could harm communities if no alternatives were provided, it “*failed to provide mitigation measures, livelihood alternatives, or protection mechanism.*”

15. **Allegation that the Project’s Benefit-Sharing Plan institutionalizes discrimination and exclusion.** The Request states that the Project’s BSP institutionalizes discrimination and exclusion. Under the revised BSP, although unrecognized groups like Long Isun are nominally eligible for Reward Allocations, according to the Request major barriers remain. The Request explains access to such allocations depends on “*Pokja*” validation by a government body, which according to the Request, has no Indigenous representation and offers no appeals process, enabling exclusionary decisions. According to the Request, communities must also submit “*simple proposals*” or work through subcontracted NGOs, which adds another layer of gatekeeping.

16. The Request states that the Performance Allocation scheme is mediated through provincial and district agencies, and in some cases concessionaires, to deliver monetary and non-monetary benefits. According to the Request, this model is structurally harmful to the Long Isun because it forces communities to partner with concessionaires, including the timber concessionaire with whom they have a longstanding conflict. The Request adds that this model denies Indigenous Peoples the right to self-determined development and violates the Bank’s Indigenous Peoples policy, OP 4.10. The Request concludes that the Project replaces community-based conservation with a commercialized forest management model, enabling entities historically responsible for deforestation to claim emission reduction credits while Indigenous communities – whose customary stewardship preserved the forest for generations – face increased restrictions, bureaucratic exclusion, and threats of criminalization.

17. **Alleged inadequate consultations.** The Request states the consultations with the Long Isun community during Project planning and implementation were “*inadequate, misleading, coercive,*

and discriminatory from the outset.” It adds that the community’s participation was flawed and wrongly interpreted as consent, misrepresenting customary consultation practices. The Request claims the Bank allowed the Project to proceed without genuine Free, Prior, and Informed Consent (FPIC), relying on an attendance sheet as evidence of consent. According to the Request, this resulted in a “*sham*” FPIC process. The Request states that, upon learning this, the Long Isun community formally revoked its consent for the Project. The Request adds that the unanswered community questions during these consultations – “[W]hat is carbon? How do they collect the carbon? Do they use planes?” – demonstrate the Project’s failure to conduct meaningful consultations.

18. **Alleged retaliation against the community.** The Request states that when community members raised concerns about the Project, they faced coercion and retaliation instead of meaningful engagement. The Request includes other instances of retaliation, which were asked to be kept confidential.

19. **Alleged gender-based violence, exclusion, and discrimination against women.** The Request explains that, for the Long Isun women the forest is not only a resource but a sacred foundation of life and culture. The Request claims that Project restrictions on forest-use have directly undermined women’s livelihoods since they depend on forest resources for food security, medicinal herbs, plants for craft-making, and other non-timber products to support household income, which generate small-scale, economic activities. It alleges that because the Project relies on the Government’s MHA recognition process, which excludes unrecognized groups, Indigenous women in Long Isun are doubly marginalized. The Request claims that Project consultations were neither inclusive nor gender-sensitive, as women were not given sufficient opportunities to speak or access information in forms that were understandable or culturally appropriate to them, and no separate consultations were held. Lastly, the Request alleges that the Project failed to ensure women in Long Isun had access to a safe grievance redress mechanism, nor were safeguards put in place to ensure that women could speak without fear of community backlash or retaliation.

Initial Due Diligence

20. After receipt of the Request the Panel conducted its initial due diligence and confirmed that it meets the admissibility criteria for registration. The Request was submitted by representatives of the Long Isun community in East Kalimantan, which is located within Project’s Recipient territory. The Request is not frivolous, absurd, or anonymous, and includes the required elements, such as the concerns raised and how they relate to the Project. The Panel verified that these concerns have been brought to Management’s attention. The Request states that a formal complaint to the Grievance Redress Service (GRS) was submitted on August 20, 2024. The Request states that the Bank’s response has been slow, incomplete, and inadequate to address the harm for which the Long Isun community is seeking recourse through the Panel process, since the existing grievance process has not remedied the harm experienced by the community.

21. Since the Project was approved before September 8, 2020,⁶ the Panel also verified the Loan is 19% disbursed and the expected Project closing date is December 31, 2025. The Panel also confirmed that the claims in the Request are not related to procurement and that this Request is not the same as any previous Request on which the Panel has issued a recommendation.

22. On November 19, 2025, after receiving the Request and before issuing the Notice of Receipt, the Panel met with the Requesters to understand their concerns better, seek clarifications, and receive any updates. The Requesters reiterated and elaborated the claims raised in the Request and asked that the disclosure of details “*remain vigilant and sensitive to protect the community*”. Therefore, the Panel is not disclosing details that could lead to retaliation. The Requesters also indicated they would prefer to pursue a dispute resolution process and that, in such a case, they would lift confidentiality for themselves and their representatives.

23. As part of its initial due diligence process, the Panel also met with Management at the first available opportunity on December 15, 2025. Management briefed the Panel on the Project’s approach, which supports payments for emission reductions. Management emphasized that this Project is not a typical Investment Project Financing, because it is an emission reductions operation. Management also emphasized that it took a jurisdictional approach that relies on country systems and regular assessments.

24. Management acknowledged the Requesters’ concerns regarding consultation processes, exclusion from the BSP, and allegations of retaliation. Management also informed the Panel about its discussions with Project authorities and outlined expected developments related to the issues raised in the complaint. Management also recognized the Requesters’ concerns regarding their recognition as an *Adat* community. It clarified that the Project is not involved in the *Adat* recognition process. However, Management stated that the authorities have announced a decision will be issued in December and is expected to address some of the land claims of the Long Isun community.

Registration of the Request

25. As provided in paragraph 18 of the Panel’s Resolution (the “Resolution”), “*the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.*”⁷ With this notice, I hereby inform you that I have, on December 23, 2025, registered the above-mentioned Request.

26. The Panel’s registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 19 of the Resolution,⁸ Bank Management must provide

⁶ According to the Resolution, the Panel shall not hear Requests relating to projects approved by the Executive Directors before September 8, 2020, after the Closing Date of the loan financing the project or after the loan financing the project has been substantially disbursed (e.g., over 95%); or projects approved by the Executive Directors on or after September 8, 2020, with more than fifteen months after the Closing Date of the loan financing the project. Resolution No. IBRD 2025-0001 – The World Bank Accountability Mechanism: Inspection Panel and Dispute Resolution Service (“The Resolution”), para. 15.

⁷ The Resolution, para. 18.

⁸ The Resolution, para. 19.

the Panel within 21 business days (by February 3, 2026) with a response to the issues raised in the Request for Inspection. Paragraph 20 of the Resolution sets out the evidence that Management is expected to provide in its response to the Request.

27. After receiving the Management Response, the Panel will “*determine whether the request meets the eligibility criteria set out in paragraphs 13 to 15 [...] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*”⁹ This Request has been assigned Request Number 25/07.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ibrahim Pam', with a large loop at the top and a horizontal line at the bottom.

Ibrahim Pam
Chairperson

Attachments

The Executive Directors and Alternates
International Development Association

Mr. Ajay Banga, President
International Development Association

Requesters (Confidential)

⁹ The Resolution, para. 22.