

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No : 61902

**Date ISDS Prepared/Updated: 02/25/2011**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Indonesia	Project ID : P124583	
Project Name: Indonesia – FCPF Readiness Grant		
Task Team Leader: Giuseppe Topa, Werner Kornexl		
Estimated Appraisal Date: N/A	Estimated Board Date: N/A	
Managing Unit: EASIS	Lending Instrument: TF grant	
Sector: Environment		
Theme: Climate Change and Forestry		
FCPF Amount (US\$m.): US\$ 3.6 million		
Environmental Category: <b>B</b>		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input type="checkbox"/>
Is this a transferred project	Yes <input type="checkbox"/>	No <input type="checkbox"/>

**B. Project Objectives:**

The Development Objectives of this grant is to contribute to the development of Indonesia’s capacity to design a sound national REDD+ strategy, develop national and sub-national reference scenarios and a measurement, reporting and verification system, consistent with local/regional and national conditions and circumstances.

As such these PDO would be monitored through the following indicators:

- i. A SESA is prepared and endorsed by national stakeholders including competent government agencies;
- ii. conditions and circumstances impacting the National Reference Scenario are quantified and discussed with relevant stakeholders; and
- iii. studies on drivers of deforestation, revenue sharing options and investment options, that further strengthen the National REDD + strategy, are prepared and endorsed by the Government, after discussion and validation by stakeholders.

The FCPF grant will finance a subset of the overall financial and technical inputs required for Indonesia to reach REDD readiness. Additional inputs will be provided by other Donors and the Government of Indonesia with which the FCPF Grant will actively cooperate. More than 60 REDD Demonstration Activities are currently being developed by bilateral donors, NGOs and private companies. A number of donors are contributing to the readiness process. To provide some examples, the Norwegian Government with a total of US\$ 1 billion, supports among other activities, the preparation of the REDD+ Strategy and the implementation of the REDD+ agency. The Australian Government supports primarily the Carbon Accounting System and some demonstration activities; UN-REDD is financing consultation, outreach and information sharing processes and demonstration activities on the ground. Given the existing and planned support for Indonesians readiness activities and the size of Indonesia, the Government asked the FCPF Grant to focus on a limited number of activities that have not yet covered by other donors.

## **KEY RESULTS**

- 1) Understanding and awareness of drivers of deforestation and degradation and of strategies to address them is improved; assessment of priority investment options to reduce deforestation and forest degradation is available; activities within the country that result in reduced emissions and increased removals, and stabilization of forest carbon stocks are assessed; and understanding of the status, gaps and capacity building needs for the implementation of national REDD+ framework is improved.
- 2) Existing REDD+ regulations are assessed; and the capacity of REDD+ related institutions is increased; awareness and ownership of the readiness process is increased through consultation and outreach; capacity of stakeholders, including indigenous peoples, to participate in policy development processes is strengthened; and an Environmental and Social Management Framework focussing on potential future REDD+ Demonstration Activities is available;
- 3) Understanding of terrestrial carbon cycles of different land uses is improved; a time-series analysis of the primary social economic and policy aspects of land use change is available; and Permanent Sample Plots (PSPs) lead to an increased certainty in GHGs estimates from REDD+ in various forest types in selected areas.
- 4) New data on REDD+ potential in selected provinces is generated; capacity to set up REDD+ frameworks and implement REDD+ programs in selected subnational locations is improved (locations: South Kalimantan, West Papua, South Sulawesi, Musi Rawas District-South Sumatera, NAD).

## **C. Project Description [from section 3 of R-PP Assessment Note]:**

The national REDD+ readiness process consists of a number of activities that address issues related to REDD+ readiness in Indonesia. The overall amount of funding needed to address capacity building for REDD+ in Indonesia was estimated at US\$ 18 million in 2009 in the Indonesian R-PP. This did not include the establishment of new agencies and other activities envisioned under the Norway LoI, which is moving toward implementation. The activities

identified in the grant agreement are a subset of an overall readiness effort laid out in the Readiness Plan, which was presented to the FCPF in June 2009.

Indonesia's REDD readiness planning is supported by UNREDD (\$6 million) and the AUSAID Indonesia Australia Forest Climate Alliance (\$30 million). Both programs have been operational since 2009 and are mostly concentrating their activities on (i) MRV and Reference Emission Level setting, (ii) subnational readiness activities and (iii) outreach and communication. Additionally, Norway's Forest Climate Initiative and Letter of Intent provides \$30 million in Phase 1 of a three-part results based program. As part of the commitment under the Norway Letter of Intent, the REDD Task Force is asked to coordinate the preparation of the REDD+ Strategy. FCPF will therefore only support strategic analytical inputs and a consultative process, but not the entire REDD initiative. Given the multiplicity of actors and the small size of the FCPF grant compared to other efforts, the FCPF grant cannot be held responsible for the entire national REDD strategy, but should be seen as a contributor of specific inputs into a broader multi-donor, multi sectoral dialogue and development process.

The FCPF support is national in scope with some research and capacity building in sub-national areas. Readiness activities will contribute with information, research and capacity building elements to a future national REDD+ framework. These elements will complement other activities undertaken by the Government, NGOs, donors and other organizations.

Field-based data and sub-national readiness will be a critical component of national readiness, and the FCPF will also fund contributions to studies and field-based measurements in the following regions: South Kalimantan Province, West Papua Province, South Sulawesi Province, Musi Rawas District in South Sumatra Province, and Nanggroe Aceh Darussalam (NAD) Province. The Ministry of Forestry selected these regions based on support from the respective sub national governments for REDD+ and the locations of potentially relevant demonstration activities.

The FCPF readiness program is strategically important, even though it is small in terms of funding when compared to the scale of overall REDD+ readiness activities in Indonesia. The Ministry of Forestry selected the activities specifically because they were considered to be important for readiness but were not being funded by other donors. The SESA and ESMF are of particular strategic value as they apply directly to the policy framework for REDD+ and to future REDD+ projects respectively. These safeguard mechanisms will be highly important once Indonesia enters the investment phase of REDD+ (phase 2). The analysis of priority investment options for REDD+ is designed to support the preparation of an investment strategy for the Forest Investment Program (FIP) and similar schemes.

The program has four main components:

- (i) Analytical Work including the study of the causes of deforestation and of investments and other interventions needed to reduce deforestation and greenhouse gas emissions.
- (ii) Support to Readiness Process. This component will include: the assessment of recent and new REDD+ relevant regulations; capacity building of institutions and stakeholders; a quick assessment of revenue sharing options; ; a large subcomponent of consultation and outreach to cover all actors including Indigenous Peoples; and the

completion of a Strategic Environmental and Social Assessment (SESA) and the preparation of an Environmental and Social Management Framework (ESMF).

- (iii) Assessment and measurement of GHG impacts of land use change. This component will study and measure the effect of land use change on carbon stocks, will develop time series of land use change, and will support a system to monitor carbon stocks at the ground level.
- (iv) Regional Data Collection and Capacity Building. The fourth component of the project will facilitate relevant REDD+ activities at the sub-national level by gathering socio-economic and biological data and other parameters as appropriate.

The readiness preparation phase is meant primarily for technical assistance and capacity building activities, with the objective of preparing Indonesia for potential future REDD investments. The grant will not finance any implementation of REDD activities on the ground (investments, or pilot/demonstration activities). The critical elements of this grant agreement include the preparation of elements for a REDD+ strategy and contributions to options for a benefit sharing system, which will have potential social and environmental impacts. The impacts may be positive for certain groups or certain locations, but may also be negative for others.

The TORs of studies financed under the Grant will include provisions to follow Bank policy requirements on Environmental Assessment, Natural Habitats, Physical Cultural Resources, Involuntary Resettlement and Indigenous People as appropriate.

Although the program itself does not involve REDD+ projects, a preliminary assessments indicated that a number of World Bank safeguards policies may be triggered by future REDD+ related activities in Indonesia. A Strategic Environmental and Social Assessment (SESA) will be conducted as part of the Readiness process to assess potential impacts from national REDD+ interventions, formulate alternatives and mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework. as one of the results of the SESA an Environmental and Social Management Framework (ESMF) will be prepared, which will guide potential future investments in REDD+ Demonstration Activities, toward compliance safeguards policies.

The Grant will be supported by a significant consultation and outreach component. This component will cover a wide range of stakeholder consultations at various locations, and build on the REDD+ consultation process that the GoI is already implementing. The objective of consultations will be to achieve the stakeholders' effective participation in relevant analytical work financed under the FCPF Grant. Consultation will allow the integration of stakeholder inputs, including inputs from Indigenous People, into the Grant's analyses and recommendations. The principle used in consultation will be "free prior and informed consultation leading to broad community support". Consultations will be inclusive, conducted in local languages as appropriate, and will allow for enough time for community reaction. Consultations will be conducted with regional/local organization, with national legitimate IP organizations such as AMAN, as well as with a sample of IP communities on key issues. A strategy for consultations with IP/forest-dependent communities shall be developed, either as an integral part of SESA ToR

or as a separate plan, to ensure that legitimate representatives of Indigenous Peoples and other forest dependent communities will participate meaningfully in all discussions regarding matters that may affect them, including, for example, the revenue/benefit sharing mechanisms.

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

This project does not entail activities on the ground. It is rather focused on providing technical assistance to the government for the development of technical and institutional capacities to participate in a future international REDD+ mechanism.

**E. Borrower's Institutional Capacity for Safeguard Policies:**

The FCPF program will be coordinated and managed by the Center for Climate Change and Policy in the Directorate General for Research and Development of the Ministry of Forestry (FORDA). The Ministry of Forestry (MoFor) is responsible for managing and monitoring Indonesia's vast Forest Estate. The Ministry is also the responsible agency for evaluating the Environmental Impact Assessment or AMDAL for all forest management plans; AMDAL requirements include a process of screening projects for social and environmental risks and designing mitigation measures. FORDA/MoFor is staffed with trained professionals and has a good track record of working with the Bank in AAA activities. Recently, FORDA has worked closely with the Bank in preparing the SESA requirements for the FCPF, and has increased its familiarity with Bank safeguards in this process. FORDA representatives have participated in most FCPF meetings especially those concerning the preparation of SESA guidelines.

While FORDA has several desirable qualities, its capacity to facilitate the inclusion of social and environmental safeguards into national policies is not sufficiently tested and its capacity to carry out safeguards needs strengthening. For this reason, FORDA will create a working group of professionals within MoFor to develop a capacity building strategy for implementing the safeguards requirements required under the REDD strategy.

During the Readiness phase, FORDA will coordinate closely with the National Forestry Council (DKN) to conduct the SESA and produce the Environmental and Social Management Framework (ESMF). DKN is a council specifically created to discuss forest policies with the broader public and is organized in chambers - government, communities, companies, academics, and NGOs including indigenous representatives organizations. DKN will have overall responsibility for consultation and outreach activities, as well as for carrying out the SESA.

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

Juan Martinez	Sr. Social Development Specialist	EASIS
Virza Sasmitawidjaja	Environmental Specialist	EASIS

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

The following table provides information on Safeguards Policies triggered. As the FCPF REDD+ readiness preparation grant will not fund REDD+ projects or define policies, there are no direct impacts resulting from the grant and the table serves as background to potential future REDD+ investments financed by the World Bank and serves as guidance for the development of the ESMF. This section is in compliance with the FCPF Charter and the Board Paper on Safeguard Guidance for Readiness Activities under the FCPF.

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Safeguard Policies Triggered	Yes	No	TBD
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
<p>Although, REDD+ aims to reduce emissions from deforestation and forest degradation and therefore intends to have positive impacts on the environment, there might be potential adverse impacts, depending on the way these objectives are achieved. E.g. potential replacement of native forests with plantations might have serious impacts on biodiversity.</p> <p>This grant will, in part, support the country's activities to identify the potential risks associated with REDD+ policies and investment options. In order to do this, the FCPF uses the Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ readiness by combining analytical and participatory approaches; and uses the ESMF to provide a framework that can guide future investments in demonstration activities on the ground.</p> <p>The purpose of the SESA is to provide a participatory platform for stakeholders to build an understanding of current situation/issues regarding REDD activities already taken, and identify future options/opportunities</p> <p>The ESMF will establish the modalities and procedures to address potential negative environmental and social impacts from the implementation of a REDD+ Demonstration Activities as well as associated mitigation measures through employing best practices.</p> <p>The ESMF will incorporate procedures for: (i) ongoing consultations with relevant stakeholder groups; (ii) appropriate capacity building measures; and (iii) environmental and social impact screening and assessment. The ESMF will include the screening criteria, procedures and institutional responsibilities for the safeguards policies that are triggered.</p> <p>The Framework will provide for the preparation of time-bound action plans for mitigating adverse impacts related to the future program and/or projects. Given the nature of likely REDD+ strategy options, the ESMF will give special consideration to livelihoods, rights (including those of indigenous peoples), the special protection of vulnerable groups, biodiversity, cultural</p>			

heritage, gender, institutional capacity assessment, etc. It should include a mechanism for monitoring implementation of the Framework. The mechanism shall be made accessible so that the public can participate in the monitoring processes.

For potential REDD+ projects implemented after the Readiness phase, Environmental Assessments that consist of Environmental Management Plans (EMP) will be used to identify, avoid, and mitigate the potential negative environmental impacts associated with activities implemented on the ground.

<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
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This policy, seeks to ensure that all activities financed under this grant should take into account the conservation of biodiversity, as well as the numerous environmental services and products which natural habitats provide to human society.

Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests and conserve native species, especially where endangered flagship species are present and aims to reduce the deforestation rates in general. This policy strictly limits the circumstances under which any project can impact natural habitats (land and water areas where most of the native plant and animal species are still present). Critical issues related to natural habitats and potential impacts from potential future REDD+ implementation through demonstration activities on the ground will be assessed during SESA implementation and under the ESMF.

For potential REDD+ projects implemented after the Readiness phase, site specific EMP would be prepared for the designated sites.

<b>Forests (OP/BP 4.36)</b>	<b>X</b>		
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REDD+ activities in forest lands aim to reduce deforestation, enhance the environmental services contribution of forested areas, promote reforestation, reduce poverty, and encourage economic development. Overall, the REDD+ activities are expected to have significant positive impacts on forest, in that the main goal of the program is to reduce deforestation, while contributing to the well-being of forest-dependent communities who will be consulted during the course of the project. Any critical issues pertaining to forest and potential impacts from potential future REDD+ implementation through demonstration activities on the ground will be assessed through SESA and potential negative impact addressed in the ESMF. For potential REDD+ projects implemented after the Readiness phase, site specific EMP would be prepared for the designated sites.

<b>Pest Management (OP 4.09)</b>			<b>X</b>
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This policy could be triggered depending on the scope of REDD+ strategies, which might include reforestation activities or the intensification of agricultural activities on degraded lands. The REDD+ implementation policy will not promote the purchase and use of pesticide, however, in case the pesticide is used, safe handling and disposal standard operating procedures will be developed.

<b>Physical Cultural Resources (OP/BP 4.11)</b>			<b>X</b>
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This policy may be triggered, if for example, some of the REDD+ activities were to be planned in and interfere with sacred groves. This should be determined on a case by case basis. No adverse impact is expected. Nevertheless, a Physical Resources Management Framework will be

embedded in the Environmental Management Plan of the ESMF.

**Indigenous Peoples (OP/BP 4.10)**

**X**

Indonesian forests house many different indigenous peoples and vulnerable ethnic minorities, any activities within and surrounding forest areas may impact them, both positively and negatively. Many of the activities to be implemented as part of a national REDD+ program are likely to take place in areas inhabited by indigenous peoples. Future REDD+ investments and policies may adversely impact the lands and natural resource use of these communities, if they result in restrictions of access to the resources they depend on for their livelihoods as well as cultural survival for many indigenous peoples. Activities that support indigenous communities in better managing their land and resources may provide positive outcomes. The inclusion of forest dependent and indigenous peoples' concerns in policy development is of particular importance for REDD+ in Indonesia. The FCPF grant activities will build on and work with existing networks and institutions to support ongoing processes for strengthening the inclusion of local communities in policy development. Indigenous peoples and other forest dependent communities (Masyarakat Adat) have developed networks and institutions to represent themselves and engage in dialogue processes, together with CSO and think tank partners, both domestically and internationally.

**OP/BP 4.10** underscores the need for MoFor/Forda to identify indigenous peoples that inhabit the forests, consult with them in the implementation of the grant activities (TA, analytical work), and ensure that they participate in an appropriate way. Rather than developing a separate IPP or IPPF for the Grant, OP 4.10 elements have been integrated into the various Grant activities, for example through: assessing safeguard issues for all relevant analytical work and policy discussions, involving indigenous peoples in the consultations and decision-making processes (SESA), and as an explicit element of the grant and the ESMF.

The FCPF Grant is an opportunity to continue and expand engagement with indigenous peoples, including in the REDD+ institutional set up. The Grant includes indigenous peoples as an important partner in consultations on the analytical work financed under the FCPF grant..

FCPF will specifically support the discussion on guidance for a more effective engagement with indigenous peoples in future REDD+ Demonstration Activities (activity 2.4). Concerns of indigenous peoples will also be considered in the analytical work on drivers of deforestation and on equitable benefit sharing mechanisms. This activity will be supported by DKN. The key reason to use this body is that it is legislatively mandated and institutionally structured to actively facilitate the participation of NGOs and communities, including indigenous peoples.. Indigenous peoples and forest dependent people are represented in DKN and through their own institutions and networks. One key group, though not the sole representative of indigenous peoples, is AMAN the National Indigenous Peoples' Alliance of the Archipelago. Founded in 1999, AMAN is comprised of 1163 indigenous communities that work collectively to create space to recover and fulfill their rights and fundamental freedom to sovereignty, welfare and dignity. AMAN is active as an observer at FCPF and FIP meetings and is also providing direct inputs to the national REDD+ strategy and agency development process with existing resources.

The SESA, also implemented largely in cooperation with the DKN will also provide the platform for effective participation of IPs, as part of the chambers of the institution.



<p>The ESMF will include an Indigenous Peoples Planning Framework (IPPF) to avoid or address potential undesirable effects of future REDD+ activities and establish the procedures in managing relations between such future REDD+ investments and indigenous peoples.</p> <p>This approach is consistent with the Bank's indigenous peoples' policy (OP/BP 4.10) and the FCPF Charter and safeguard guidance.</p> <p>For the preparation of the IPPF two definitions will be used to fulfill the requirements under OP/BP 4.10, these are: (i) <i>Masyarakat Adat /Adat communities/Customary law communities;</i> and (ii) <i>Masyarakat Terasing / remote Adat communities.</i></p>			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
<p>While no resettlement is expected as part of REDD+ activities, it is conceivable that there might be limitation of access to forests and forest products, and involuntary access restrictions for local populations to parks, reserves, forest management areas or protected areas.</p> <p>The REDD+ policy framework should avoid promoting involuntary resettlement to the extent feasible. All issues related to involuntary resettlement in potential future REDD+ Demonstration Activities will be identified in the SESA, and the Process Framework for Access Restriction will be established as part of the ESMF.</p>			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	
<b>Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)</b>		<b>X</b>	

### III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: **N/A**
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: **N/A**
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The SESA and all related safeguards instruments will be considered as the first step of the grant implementation after signature of the legal agreement.

#### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Name: Giuseppe Topa, Werner Kornxl</b>	<b>March 10</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Name: Panneer Selvam Lakshminarayanan</b>	<b>March 14, 2011</b>
<b>Comments:</b>		
<b>Sector Manager:</b>	<b>Name: Franz R. Drees-Gross</b>	<b>April 8, 2010</b>
<b>Comments:</b>		