

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED  
SAFEGUARDS DATA SHEET (PID/ISDS)  
CONCEPT STAGE**

**Report No.:** PIDISDSC15596

**Date Prepared/Updated:** 23-Nov-2015

**I. BASIC INFORMATION**

**A. Basic Project Data**

<b>Country:</b>	Indonesia	<b>Project ID:</b>	P156473
		<b>Parent Project ID (if any):</b>	
<b>Project Name:</b>	Strengthening Rights and Economies of Adat and Local Communities (P156473)		
<b>Region:</b>	EAST ASIA AND PACIFIC		
<b>Estimated Appraisal Date:</b>	21-Apr-2016	<b>Estimated Board Date:</b>	15-Sep-2016
<b>Practice Area (Lead):</b>	Environment & Natural Resources	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Forestry (100%)		
<b>Theme(s):</b>	Indigenous peoples (40%), Other rural development (25%), Climate change (10%), Other environment and natural resources management (2.5%)		
<b>Borrower(s):</b>	Samdhana Institute		
<b>Implementing Agency:</b>	Samdhana Institute		
<b>Financing (in USD Million)</b>			
	<b>Financing Source</b>		<b>Amount</b>
	Borrower		0.00
	Climate Investment Funds		6.33
	Total Project Cost		6.33
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Concept Review Decision:</b>	Track II - The review did authorize the preparation to continue		
<b>Is this a Repeater project?</b>	No		
<b>Other Decision (as needed):</b>			

## B. Introduction and Context

### Country Context

1. Indonesia is a strong and stable democracy that aspires to generate prosperity while leaving no-one behind. A country with a diverse population and complex landscape, Indonesia is the world's fourth most populous nation with approximately 250 million people living in over 6,000 inhabited islands. Indonesia's constitution embraces democracy and pluralism and is home to 300 distinct native ethnic groups and other populations, speaking over 700 languages and dialects. Indonesia has made significant gains in poverty in the past 15 years. Between 1999 and 2014, the national poverty rate was reduced by more than half, from 24 percent to approximately 11 percent. However, inequality is rising and poverty rates remain persistently high in parts of the country, such as forest and coastal areas, where remoteness, low population density, dispersed locations, and poor governance, particularly over natural resources, are severe constraints to poverty reduction efforts.
2. Indonesia is endowed with the third largest tropical forest area in the world – a valuable resource for the country and a globally important carbon sink and biodiversity habitat. Indonesia holds an estimated 94 million hectares of natural and planted forests and the largest mangrove and sea grass ecosystems in the world. Indonesia's forests, in addition to being a national asset, are of global concern because of their biodiversity value and potential contribution to climate change. In Indonesia the annual greenhouse gas (GHG) emissions caused by deforestation, forest degradation and peat decomposition is estimated to be between 320 and 430 million tons of carbon dioxide equivalent (CO<sub>2</sub>e) between 2001 and 2012 (see note 1). The Government of Indonesia (GoI) has prioritized reducing GHG emissions by 41% by 2020 (with international assistance) and codified this into a Presidential Decree and National Action Plan for Reducing GHGs (RAN-GRK). To achieve the set targets, the National Planning Ministry (Bappenas) has identified forests and peatland as one of six key sectors, and set emission reduction targets of 0.672 GtCO<sub>2</sub>e and 1.039 GtCO<sub>2</sub>e for forest and peatland respectively.
3. In 2011, approximately 32 million people dwelling on forest lands. Six million out of the 32 million people who live in remote forest areas are poor, which is slightly more than one-fifth of the total number of poor in Indonesia. If Indonesia is to reduce its poverty rate from 11.3 percent to single digits, it will need a specific strategy to assist communities in forest areas. To date, poverty reduction efforts in forests areas have been constrained by the populations in the area having limited access to opportunities and inadequate social safety nets. The unequal access to infrastructure, productive assets, land, and services are explained by the geographic, economic and social exclusion of the communities, market failures and poor targeting and governance of public service delivery systems.
4. Reducing poverty among forest dependent households requires an approach that also sustains the forest system and reduces deforestation. Many of Indonesia's communities have longstanding, direct and multi-faceted relations with natural ecosystems, relying on them for subsistence, livelihoods and economic development. In 2013, nearly 55 percent of the population remained dependent on land for their subsistence. On average, 20 percent of household income for these communities is derived from natural resources. In some regions, like Papua, this value is as high as 50 percent. During the past decades, however, a combination of deforestation, overexploitation of resources, peat fires, and landslides has threatened the livelihood of people living in and around forests. The underlying causes for deforestation and its associated negative effects include unclear tenure, poor spatial planning, weak governance and limited law

enforcement.

5. Efforts to lift forest-dependent households out of poverty will need to recognize, and, where possible, improve how these households use resources for their economic wellbeing. Clarification and recognition of rights to land and forest resources are important for enhancing the sustainable use of forest resources and improving the economic well-being of forest-dependent communities while addressing drivers of deforestation and helping to mitigate climate change. This effort must involve, enhancing tenure security of adat communities and other local communities (see Note 2) to natural resources. Clarifying rights will enable households to access needed technical assistance and investments to sustainably manage their natural asset to enhance their prosperity, and empower them to advocate for their needs and interests in policy discussions.

Notes:

1/ This value is from the submission by Indonesia National Forest Reference Emission Level for deforestation and forest degradation in the context of the UNFCCC in December 2014. There are varying figures on emission reduction. Other studies show that in 2005 emission from forestry sector accounts for 850 MtCO<sub>2e</sub> or 38 percent of Indonesia's total emission, estimated at 2.3 Gt CO<sub>2e</sub>. The emissions were a result of deforestation (562 MtCO<sub>2e</sub>), forest degradation (211 MtCO<sub>2e</sub>) and forest fire (77 MtCO<sub>2e</sub>). It is anticipated that the current rate of deforestation (0.8 million ha) and degradation (1 million ha) will account for emissions of 850 MtCO<sub>2e</sub> until 2030.

2/In the Indonesian context, adat communities are considered to be communities that have been living in a certain geographical area for generations because of their ancestral connection and special relationship with the land, and associated natural resources. This term is considered more relevant in the Indonesian context than the term Indigenous Peoples. This document will use the terms interchangeably. These communities also have a customary governance system and apply customary law on their territory. The term Local communities include in-migrants who may have resided in a place for some time and have their own practices of land and natural resource use. Local communities can also include those who do not self-identify as part of an adat community.

### **Sectoral and Institutional Context**

6. Land governance in Indonesia is complex. The 1945 Indonesian Constitution respects the existence of adat and adat law communities and recognizes their customary claims to land. The constitution also places land, airspace and natural resources under the control of the State to be used for the people's prosperity. Administrative laws such as the Basic Agrarian Law (BAL) No.5 of 1960, which contains the land policy, and the Basic Forestry Law (of 1967) do not carry through the recognition found in the Constitution. In contrast, the Basic Forestry Law (of 1967) gives the Ministry of Environment and Forestry (MOEF) the power to manage forest lands and the Forestry Law No. 41 (1999) considers all forest land to be property of the State. Land in Indonesia is divided into two categories – forest estate and non-forest estate. De jure access and use of Forest Estate is controlled by the MOEF, even though the National Land Agency (BPN), has the mandate for land titling, records and other administrative functions. The dual system by which land in Indonesia is controlled and administered has resulted in overlapping land-related regulations and guidelines, and ambiguous provisions regarding the management and administration of land and land-based natural resources.

7. Government data state that the Forest Estate, or kawasan hutan, under the control of MOEF, covers 133 million hectares or 70 percent of Indonesia's total land area. The boundaries of the Forest Estate, however, are unclear and most have not been gazetted. Two Constitutional

Court rulings (MK45/2011; MK35/2013) called into question the actual size of the Forest Estate. MK45/2011 stated that only demarcated and gazetted forests should be considered part of the Forest Estate. MK35/2013 included the decision that the provision in the Forestry Law declaring customary forests as part of the domain of the state is unconstitutional, recognizing the legitimacy of adat communities claims to land. The area that has been legally gazetted is in contention, with some claiming that only 12 percent of the total area has been legally defined. In the remaining areas, there often are overlapping claims to the land, making land issues a hotbed for conflict.

8. Indonesia's growing political stability and recognition of the challenges resulting from land conflicts has created momentum for reforms related to land. Some of the changes that have taken place include the steps taken by Government of Indonesia to unify its spatial data of forest cover through the One Map policy. Prior to this, different ministries produced their own reference map of all the land uses, leading to multiple regulations (some of which were contradictory to each other) being applied to an area. Seizing the opportunity created by the One Map policy, the Indonesian Indigenous Peoples Alliance (AMAN) and partners founded a national agency to feed outputs from participatory mapping of ancestral lands into a national database – the Ancestral Domain Registration Agency (BRWA). The BRWA is to function as an official data and information provider to its members and to partner organizations. In 2011, AMAN also signed a Memorandum of Understanding with the BPN officially stating that maps of ancestral domain (generated through participatory mapping) would be integrated into government data. More recently, in 2015, the Ministry of Agrarian Reform and Spatial Planning drafted a regulation on procedures for the establishment of communal land rights for adat communities and communities in some areas.

9. As part of the broader dialogue on improved forest management, the government has committed to transfer management of 12.7 million hectares of forest lands to adat and local communities in an effort to resolve issues over access to forest resources (see Note 3). This move is supportive of efforts by Indigenous peoples (or adat communities) and local communities (IPLC) who have been using participatory mapping to bolster their claims to land and receive due consideration of community uses of land in subnational spatial planning processes. Participatory mapping of customary lands has been a central part of IPLC's strategy for dialogue with government. AMAN, along with several other networks and non-governmental organizations (NGOs), have been strong promoters of the approach and have committed to map 40 million hectares of customary forest by 2020. AMAN provides adat communities who want to map their territories, the technology and methods to gather information to validate their claims to land. The maps are then used as a tool of conflict resolution and to help protect the culture of the indigenous people by informing the government where the communities are located and how they use their land. The maps are the basis for discussions with sub-district governments about spatial planning, and helps overcome the poor participation of local communities in spatial planning. The ability of IPLC to map their lands, however, has been dependent on the availability of funds from international and national partners, and remains constrained by the willingness of individuals since formal procedures for mainstreaming the approach are absent.

10. During this period of political stability, Indonesia has also embraced the concept of financial compensation for reduced emissions from deforestation and forest degradation (REDD+) in an effort to achieve its target for GHG emission reductions. The success of REDD+ hinges on improving forest governance. REDD+ creates an additional opportunity for adat and local communities to resolve issues regarding land claims and rights because unclear tenure is seen as

an underlying driver of deforestation and degradation. Networks such as AMAN consider the REDD+ program an opportunity to secure “community land titles” for adat communities. The national REDD+ strategy recognizes that participation of indigenous communities and local communities and civil society in land and natural resources/ forest management is necessary for the strategy to be effective.

11. Issues of economic well-being are also central in the ongoing discussions on REDD+ as lack of alternative livelihoods is seen as an underlying cause of forest degradation and deforestation. As part of the decentralization process, national budget is used to provide funds for extension services, support for local institutions, infrastructure and assistance in natural resource and forest management planning. There are however financing gaps to cover all the human resources and activities that are needed. Recently, the revised Village Governance Law (No. 6/2014) offers an opportunity to reduce the gap, as it commits the central government to transfer up to 10 percent of total intergovernmental grants in the state budget to villages in the form of ‘village funds’ (Dana Desa). It also commits districts to contribute 10 percent of their own-source revenues, revenue sharing grants, and general purpose transfers to the village budget. In the past, the Village Law overlaid a uniform structure on traditional systems. The new Village Law creates room for more autonomous governance structures based on customary claims. There is still the need to reconcile what the Village Law enables and what adat communities’ want in terms of their right to determine their own political status and their economic, social and cultural development.

12. In this context, the timely implementation of the proposed project could be catalytic for helping IPLC’s advance their efforts to obtain tenure security (see Note 4) while also creating an enabling environment for their engagement in achieving REDD+ objectives and improving their economic wellbeing through sustainable use of natural resources in the landscape. The proposed project, supported with financing from the Dedicated Grant Mechanism (DGM) (see Note 5), primarily aims to facilitate the engagement of IPLC in dialogues, processes, and identification of policy and technical solutions with Government and partners on issues related to REDD+. In the context of Indonesia, this requires clarifying and recognizing customary claims and ensuring appropriate benefit sharing. The proposed project offers support for achieving recognition of IPLC’s claims to land and for improving their economic wellbeing by (i) assisting to generate needed evidence and build capacity to advance IPLC’s efforts for greater tenure security, and (ii) piloting mechanisms for improving economic wellbeing that can be mainstreamed into public initiatives supporting IPLC. The proposed project is strategic and supportive of stated Government intentions to reduce conflicts over land.

13. The project will support and build on existing social capital and engagements of IPLC and Government of Indonesia. This includes the existing partnership among the World Bank, GoI, and IPLC. Given the centrality of adat lands for an improved land use policy, this engagement intends to inform the ongoing dialogue between the World Bank and GoI on the proposed Sustainable Landscapes Program which aims to better harness the potential of natural assets (land, water, forests) for sustainable and inclusive growth. It will also contribute to related efforts supported by the World Bank to promote improved forest governance by strengthening decentralization of forest management through the implementation of the government program on Forest Management Units. The latter is part of the FIP-financed project supported by the World Bank that is titled Promoting Sustainable Community Based Natural Resource Management and Institutional Development.

Notes:

3/ Networks such as AMAN and national network for participatory mapping activities, the Jaringan Kerja Pemetaan Partisipatif (JKPP) suggest that 40 million hectares of Forest Estate most likely have customary land claims. JKPP also states that permits overlap with 70 percent of forest areas with customary land claims.

4/ It should be noted that IPLC's view on tenure security is not uniform with the 'Property Rights school' which reduces security of tenure to the notion of a paper title that that can be traded or mortgaged in well-functioning land markets. Instead, the IPLC seem to associate tenure security with recognition and respect for their claims to land without formal title.

5/ The Dedicated Grant Mechanism for IPLC is a source of financing associated with the Forest Investment Program (FIP) which is one of the programs under the Climate Investment Funds. The DGM has been established to provide the IPLC in FIP pilot countries a source of financing and learning mechanisms to support their participation in the FIP investment programs and projects. The funds are to complement the activities being carried out by the FIP investment project in the country.

### **Relationship to CAS/CPS/CPF**

The draft Country Partnership Framework (CPF) has an engagement area focused on sustainable landscape management. This area of engagement is built on the premise that reducing extreme poverty and addressing inequality is intertwined with sustainable management of natural resources and improving the rural economy more broadly. The CPF recognizes that a major impediment to providing security of tenure is the complex and inconsistent legal framework, and the institutional arrangements which support a dual system of land administration, separately administering forest and non-forest lands. It also identifies the main underlying causes of deforestation and inefficient land use as weak governance, poor land use planning and administration and adverse financial and fiscal incentives. The lack of clarity of land rights, among other things, generates public costs and prevents Indonesia from using its natural resources to increase national wealth.

15. The proposed Landscape Program in the CPF focuses on improving management of, and benefits from, terrestrial natural assets. As part of this program there would be investments and support for policy reforms related to land and forest governance and administration. The intention is to reduce poverty, improve connectivity, and enhance economic wellbeing while maintaining the natural asset base, and supporting Indonesia to meet the target associated with the commitment it made in Bali in 2007, to reduce GHG emissions by 2020 by 41 percent as compared to "business as usual".

16. The DGM financing for Indonesia is to strengthen IPLC capacity to engage in achieving tenure security and improved economic wellbeing. Achievement of greater tenure security and capacity to use natural resources in a sustainable way will reduce some of the underlying causes of deforestation and degradation. As such, this project is an important part of the proposed Sustainable Landscapes Program. This project provides IPLC with needed support and capacity to generate evidence, engage with the relevant stakeholders, and participate in policy dialogues. The project also pilot approaches for providing IPLC with the skills, technology, and knowledge to improve food security, sustainably manage their natural assets and engage in markets as they see necessary.

## **C. Proposed Development Objective(s)**

**Proposed Development Objective(s) (From PCN)**

Strengthen Indigenous People (adat) and local communities' involvement in processes to define forest land tenure and to increase their access to natural resource based income generating opportunities.

**Key Results (From PCN)**

- (i) Maps and supporting documentation prepared as evidence for excising of 5 million ha of Adat lands from the Forest Estate
- (ii) Local communities' use of forest lands integrated into forest land use planning in seven districts .
- (iii) Increased number of viable IPLC owned and managed natural resource based enterprises that have governance structures and business plans
- (iv) Number of beneficiaries (core sector indicator) of which % women

**D. Concept Description**

Component 1: Strengthen Tenure Security (US\$2 million)

17. Traditional claims to forest lands are often respected and adhered to by adat communities as per decisions made by adat leadership (e.g., Mandirs in Central Kalimantan). These claims, however, are not always considered by those developing spatial plans and issuing licenses at the national and subnational level. In some provinces, this has resulted in conflicts because of the contradictory decisions taken by different levels of government (e.g., the recognition by village government of customary claim to land which is disregarded by provincial and national governments). In other provinces, clarifying who has rights over particular tracts of forests remains a challenge because different community groups may claim the same area (e.g., in Papua there are overlapping claims for forest areas from different adat communities and in districts such as Kapuas Hulu in West Kalimantan, different traditional communities claim rights to the same forests).

18. As the political climate becomes more receptive to examining IPLC claims to land and granting formal recognition for these claims, the willingness of government to engage is changing. At the same time, it is imperative to augment the ability of IPLC to more effectively engage in the relevant processes to gain greater tenure security by enabling them to generate needed information and access necessary technical and legal support. Leveraging ongoing efforts involving government, NGOs, and networks such as AMAN, which are briefly described in the section on sectoral context, this component focuses on strengthening tenure security by providing needed technical assistance to and building capacity of IPLC on matters related customary land mapping and claims.

19. The technical assistance (TA) provided through this component will:

- Help strengthen tenure security over forest lands by:
  - o Supporting the preparation of participatory maps of customary claims that meet the requirements of existing regulations on customary claims, and can be used for resolving issues of land control in the forest estate and recognition of customary rights, and included as part of the national geospatial agency's (Badan Informasi Geospasial - BIG) effort to create the national One Map.
  - o Assisting with generating the complete evidence base (in addition to maps) needed to meet

the requirements to support identification of claims and adjudication and registry of these claims by BPN

- o Helping local communities obtain long term use rights to Forest Estates allocated for social forestry activities (e.g., community-based forest management or village forests) by supporting preparation of the necessary documents and also advocating for simpler procedures for these lands.
- Augment IPLC's understanding of the regulations, procedures and guidelines that are in place for obtaining recognition of ancestral domain and those that are pending approval or still need to be drafted, and build their ability to engage in dialogues on establishing the necessary regulations, procedures and guidelines that are missing. This effort will include, among other things, support to:
  - o Forge alliances with new partners among CSOs, academia, and private sector
  - o Advocate for the ratification and implementation of key procedures (e.g., procedures for increasing community participation spatial planning and procedures for implementation of inter-agency regulation on recognition of community land rights)
  - o Increase local communities ability to advocate for community-based forest management (this could include action research on effective approaches for participatory forest gazettement, providing support to present evidence regarding distinct uses for women and marginalized groups, and developing a unified position on these issues among the different groups)
  - o Advocate for effective and efficient policies for licensing management of forests under IPLC to achieve community objectives.
  - o Strengthen the design and functioning of existing mechanisms for mediating conflicts with IPLC on land in order to obtain acceptance among non-IPLC stakeholders of decisions reached by traditional conflict resolution efforts (this could include sharing best practice from other countries, proposing changes to existing mechanisms, drafting necessary regulatory text on conflict resolution to be adopted at the relevant levels of government).
- Identify and support actions that can be taken to access existing fiscal transfer mechanisms (Dana Desa and Alokasi Dana Desa) for greater impact on IPLCs

The activities will be done through the use of technical service providers that can respond to the needs of the IPLC. The project will provide grants and technical assistance to finance the mapping activity associated with this component.

Component 2: Improve IPLC's Capacity to Improve Economic Welfare (US\$ 3.33 million)

20. This component focuses on augmenting IPLC's access to and use of natural resource based income generating opportunities. This component pilots an approach for delivering technical assistance and providing grants that could be scaled up as the concept is refined and financing from public sources are available.

21. The activities would include technical assistance to:

- Strengthen local economic institutions, including how users groups and micro-credit schemes or savings and loans groups are established and function .
- Improve local food security and nutrition by
  - o Conducting needed crop production and consumption studies,
  - o Establishing programs for making available traditional seed varieties,
  - o Increasing access to agriculture extension and environmentally friendly agricultural technologies, and

- o Promoting viable local and traditional food consumption and improved nutrition practices.
- o Providing financial support for improved storage, small scale processing, purchase of seeds, and purchase of environmentally friendly agriculture

These activities will pay particular attention to the needs of women and children.

22. The activities would also include capacity building to:

- Augment IPLC’s ability to analyze and select from forest management options that generate goods and services, and how to access markets for different community products.
- Augment IPLC’s ability to engage in food production practices that can generate economic benefits and to use small-scale technologies that improve efficiency of production systems .

23. The grant mechanism would involve different types of grants – (i) directed grants awarded to TA providers and NGOs for activities that support project objectives and are of relevance to multiple communities and sites (ranging in value from US\$10,000 to US\$ 25,000), (ii) solicited grants awarded on a merit basis to eligible communities that submit proposals (ranging in value from US\$ 5,000 to US\$ 10,000), (iii) urgent needs grants that respond to short-term, critical issues such as conflict resolution, litigation, disaster response. The urgent needs grants will be between US\$ 2,000- US\$ 3,000. It is estimated that approximately 250 grants may be issued as part of this component.

Component 3: Project Management, Monitoring and Evaluation (US\$ 1 million)

24. This component will cover the activities associated with project management, monitoring and evaluation. The activities will include management and supervision of the project, building the capacity of local groups receiving support from the project to manage sub-projects and institutionalizing the arrangement being developed through this project. It will also build a monitoring and evaluation mechanism that engages local communities and informs the implementation of the project in addition to tracking performance. This component will also support the implementation of a grievance redress mechanism.

## II. SAFEGUARDS

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

25. The locations of specific interventions are not known. The NSC and NEA will be developing criteria for selecting sites and eligible activities during project preparation. The proposed criteria will be broadly consulted. The project may result in a varying degree of social and environmental risks, depending on the types of activities under each component, actors involved, level and quality of consultations and participation across different stakeholders, etc. The Project/sub-project activities under Component 1 aim to help IPLC delineate land boundaries owned and/or occupied by them, with the long-term goal of land tenure security. The issue of tenurial rights over forests is heavily contested and often involves overlapping and conflicting claims from different stakeholders and, in some cases, from different claimants in the same stakeholder group. The purpose of component 1 is to assist the IPLC stakeholder group to better understand the current regulations (or lack thereof) regarding rights and tenure security over forest land, and to empower and assist them to undertake the process for generating necessary information regarding the claimant and the ancestral claims (e. g., delineation of ancestral lands on maps, and other evidence) in order to respond to existing and emerging legal requirements for recognition of ancestral claims. In the absence of strong institutional arrangement and political commitment, despite the issuance of a number of regulations in recent

years, such information generation (which includes maps regarding claims to land) may lead to inflated expectations that cannot be met. It also may lead to contestation of ownership and/or claims with potential intra and inter-communal conflicts and disputes with the government, concession holders and/or users. If not managed and consulted properly with various community groups where DGM operates, activities under Component 1 may have unintended negative social impacts stemming from the new and latent conflicts that the process unleashes.

26. Livelihood activities under Component 2 with the objective to improve IPLC's access to natural resource based income generating activities could also trigger safeguard policies if the project/sub-project activities entail physical construction of facilities, the use of pesticides, intensification and/or conversion of land, etc. There is the social risk of elite capture which requires ensuring due consultation and transparency in how assistance both in-kind and cash will be provided. A functional and accessible Grievance Redress Mechanism (GRM) will need to be put in place and made effective prior to the implementation of project/sub-project activities.

27. Proposed activities under Components 1 and 2 will need to go through preliminary screening to identify potential impacts and safeguard requirements. An Environmental and Social Management Framework (ESMF) will be developed by the borrower to manage environmental and social impacts which result from and/or are triggered by the project. The ESMF will provide practical guidelines and procedures to ensure that potential social and environmental impacts are addressed in the activities in components 1 and 2. The ESMF will provide guidelines for the proper procurement, handling and disposal of pesticides and may be used as capacity building tool for communities, in the event that the grants provided in component 2 result in the purchase of such substance. The ESMF will provide guidance to address chance finds of physical cultural resources in the event of this occurring if the grants in component 2 support any small construction works. In the unlikely event that the grants associated with component 2 result in the access restrictions, the ESMF will provide guidelines and establish procedures to ensure, inter alia, proper documentation, and, fair compensation to the affected persons. An Indigenous Peoples Planning Framework will also be prepared.

### **B. Borrower's Institutional Capacity for Safeguard Policies**

28. Samdhana has adequate capacity to implement World Bank Safeguard Operational Policies in general. Samdhana has prior experience providing capacity building on community related matters including key social issues and environmental issues related to protection of IPLC, gender, and conflict between local livelihoods and forest protection. They also have provided capacity building on how to work with government and other stakeholders on these issues. They also have a lot of experience in resolving conflicts between IP and MOEF, between IPs, and between IPs and local communities. These experiences, however, have not been documented and the approach is not recorded in a manual or other similar product.

29. For the proposed project, Samdhana will prepare and develop safeguard instruments with the ESMF, which include impact identification, mitigation and monitoring procedures, as part of the project implementation manual (PIM). Samdhana will also conduct capacity building activities on a scheduled basis specifically targeted to foster understanding, buy-in and adherence with the PIM at the community level. The aforementioned procedures on will be reviewed and approved by the World Bank team to ensure adherence to the Bank's safeguard policies.

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

Fajar Argo Djati (GSURR)

Rambat Sakwan (GSURR)

**D. POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	The project category is classified “B” as it is not expected to any have significant negative impacts that are, diverse or unprecedented. Mitigation measures for possible impacts are known and the Borrower has adequate capacity for implementing them. The project will provide small grants to communities for livelihood activities and TA. The grants could have negative effects although of limited scale. The Borrower will prepare an ESMF to identify potential adverse impacts and lay out guidelines, procedures and specific instruments to ensure social and environmental mitigation.
Natural Habitats OP/BP 4.04	Yes	The project will not support activities that would cause conversion or degradation of critical or non-critical natural habitat. In order to promote sound management of natural resources and of natural habitats the ESMF will include screening and other measures to address this policy objectives and provisions and to further enhance the project’s positive impacts on natural habitats.
Forests OP/BP 4.36	Yes	The proposed project, by benefiting IPs and local communities, aims to bring about changes in the management, protection, or utilization of natural forests and plantations.  The technical assistance activities focus on clarifying rights and building capacity. The small grants program aims to improve revenues and livelihoods through the strengthening IP and local communities’ access to forests and to the revenues and income accruing from their sound management. In order to promote sound management of natural resources and of natural habitats the ESMF will include screening and other measures to address this policy objectives and provisions and to further enhance the project’s positive impacts on forests.
Pest Management OP 4.09	Yes	The project will not support the use of pesticides. However, some the activities supported by the community grants could result in the use of such substances (e.g. insecticides, fungicides for improved

		storage of staples). The ESMF will provide guidelines for the proper procurement, handling and disposal and may be used as capacity building tool for communities and may be used as capacity building tool for communities.
Physical Cultural Resources OP/BP 4.11	Yes	No project activities are expected to affect Physical Cultural Resources. However should this occur as the result of construction, the ESMF will provide guidance to address chance finds of physical and cultural resources. As this policy also covers intangible cultural assets, such as sacred groves, the ESMF will lay procedures to identify and mitigate potential impacts of land related activities (e.g. small works, land demarcation) on such cultural resources.
Indigenous Peoples OP/BP 4.10	Yes	Activities under C 1 and 2 will be implemented in areas where there is significant presence of IPs (Adat communities – defined above) and/or co-existence between Adat and local communities (i.e. in-migrants, other forest dwellers, etc.). Social assessments once the project's sites have been selected will indicate the project's potential impacts and benefits, the dynamics between Adat and other local communities, including the proportion of Adat communities benefiting from the project. All activities under these components are developed and implemented by IPLCs based on FPICs seeking broad community support. It is anticipated that the project will yield positive impacts for IPLCs, by providing support to livelihoods based on local wisdoms, access to forest resources and clarity over tenure. Particular attention will be paid at the community level to ensure that their priorities and preferences are identified and accommodated in project planning processes and implementation. In consultation with IPLCs concerned, a separate Indigenous Peoples Planning Framework (IPPF) will be developed by the borrower and include measures to approach community participation (including FPIC and gender mainstreaming mechanisms) and land tenure issues.
Involuntary Resettlement OP/ BP 4.12	Yes	No project activities are expected to result in Involuntary Resettlement. The project will fund mapping of IP ancestral domains with potential implications of limiting forest/land access to other forest communities. A Process Framework shall be developed to ensure that affected communities' livelihoods are not worse off from any access

		restriction. In the event that land must be acquired land donation based on FPICs is preferred. The ESMF will provide guidelines on this.
Safety of Dams OP/BP 4.37	No	Not Applicable
Projects on International Waterways OP/BP 7.50	No	Not Applicable
Projects in Disputed Areas OP/BP 7.60	No	Not Applicable

## E. Safeguard Preparation Plan

### 1. Tentative target date for preparing the PAD Stage ISDS

31-Mar-2016

### 2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.

Social assessment - November 2015, completed by February 2016

Environmental assessment - November 2015 and completed by February 2016

## III. Contact point

### World Bank

Contact: Diji Chandrasekharan Behr

Title: Sr Natural Resources Econ.

Contact: Gayatri Acharya

Title: Lead Economist

### Borrower/Client/Recipient

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Practice Manager/ Manager:	Name: Johannes Heister (PMGR)	Date: 24-Nov-2015
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1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.