

INTEGRATED SAFEGUARDS DATA SHEET
IDENTIFICATION / CONCEPT STAGE

Report No.:ISDSC20990

Date ISDS Prepared/Updated: 27-May-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Indonesia	Project ID:	P162965
Project Name:	Peatland Partnership Project		
Team Leader(s):	Dinesh Aryal,George Henry Stirrett Wood		
Estimated Date of Approval:	22-Sep-2017		
Managing Unit:	GEN2A	Lending Instrument:	IPF
Financing (in USD Million)			
Total Project Cost:	4.5	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Sustainable Landscapes MDTF			4.5
Environmental Category:	B - Partial Assessment		

B. Project Development Objective(s)

This is intended to be the second in a Series of Projects aimed at supporting the Government’s efforts toward the restoration of two million hectares of peatland and promoting a framework the sustainable development, restoration and conservation of lowland areas in Indonesia.

The Program Development Objective is to improve the integration and coordination among multi-sector stakeholders to promote the sustainable development, restoration and conservation of targeted lowland areas in Indonesia. This is a common objective for all projects within the Lowlands Program.

- i. Integrated multi-sectoral planning for lowland development, restoration and conservation;
- ii. Improved policy instruments for lowland development, restoration and conservation; and,
- iii. Multi-sectoral coordination mechanisms for development, restoration and conservation of lowland areas.

The Project Development Objective is to improve local capacity for implementation of measures for the development, restoration, and conservation of targeted lowland areas.

C. Project Description

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

The project will target seven priority provinces for peat restorations, including Riau, Jambi, South Sumatra, South Kalimantan, Central Kalimantan, West Kalimantan and Papua. The project will select a non-governmental agency (NGO) as a National Executing Agency that will be responsible for the day-to-day administration of the project. The National Executing Agency will partner with local NGOs and community organizations with experience and expertise in environmental conservation and livelihood development through an on-granting mechanism. Accordingly, specific jurisdictions, target communities and activities will only be determined once sub-grant proposals have been selected. Prior-selection of priority jurisdictions and/or communities may also be possible depending on the needs and urgency. Screening processes, applicable criteria, and the sizes and allocation of small grants will be determined jointly by the National Executing Agency and BRG during project preparation.

Potential risks are anticipated to be of low significance, however, the risk level could increase exponentially due to limited capacity and poor implementation. Learning from similar initiatives financed by the WB under the Kalimantan Forests and Climate Partnership (KFCP) highlights one of the main risk factors as the weak capacity of implementing entities to ensure proper management and oversight. Since the project activities will be implemented across seven provinces by local NGOs/CSOs and communities with a varying degree of capacity and experience in managing social and environmental aspects, risks stemming from poor implementation issues need to be anticipated, particularly in terms of distribution of benefits, outreach, grievance handling, compliance with ESMPs (Environmental and Social Management Plans), etc.

The overall impacts are expected to be positive since the project is designed to promote the creation of sustainable, climate-resilient livelihood alternatives and at the same time, raise community awareness of the urgency of peat restoration for the sustenance of their environment and livelihoods over the long-term. As an initial step, the project aims to serve as a catalytic platform to enhance the capacity of lowland communities to engage in sustainable productive activities, invest in scalable peatland conservation and management initiatives, and improve multi-stakeholder collaboration for restoration of critical peatland areas. Capacity building initiatives e.g. training, workshops, and other efforts to strengthen the communities generally as well as their institutions and norms at the village/community level are generally expected to bring about positive changes in nature. The livelihoods programs (e.g. seedling, reforestation, infrastructure works, agriculture and farming) are expected to enable target communities to diversify their livelihood streams and become more resilient to economic shocks.

Specific adverse impacts remain largely unknown until project activities and sub-activities have been identified in sub-grant proposals. In the development of safeguard instruments, preliminary impact analyses will draw upon experiences from previous community-driven peatland restoration initiatives, by taking stock lessons-learned of the key challenges confronting such initiatives. Under the two main categories of livelihoods and peat restoration, the project may finance the following activities: (a) alternative livelihoods around sustainable forest management and agriculture, (b) rewetting particularly in developed or drained peatland areas e.g. canal blocking, establishment of small water reservoirs, (c) revegetation, and revitalization, and (d) community infrastructure. Depending on the scale of activities to be financed, which are most likely small-scale, the following impacts may have to be considered:

- The project may have an influence on the nature of conflicts in target areas due to misunderstanding and misperceptions of the objectives of the project. In areas with overlapping claims and conflicting interests with regards to land categorization and use, changes introduced by the project may create uncertainty, confusion and tension between people and groups and therefore potentially contribute to conflicts that already exist given the uncertainties over land rights and economic pressures amongst peatland communities, who are predominantly indigenous peoples in many areas, but also mixed populations with recent and longer-term migrants;
- Prohibiting and sanctioning against the clearing of fields in peatland forests through felling and

burning may have some level of livelihood impacts since alternative methods may likely require an increase in capital expenditures for agricultural inputs (e.g. labor, pesticide, time, etc.);

- Rewetting initiatives e.g. canal and/or drainage blocking could have both potential positive and negative impacts, depending on the scale and community use of the areas to be rewetted. Voluntary canal and/or drainage blocking, based on consensus and agreement, presents less risks and could help ensure community acceptance of the initiatives introduced;
- Land-based livelihoods initiatives may disadvantage individuals who are landless. These individuals may benefit from short-term employment created by the project but may not benefit from livelihoods support programs focused on agriculture.
- Establishment of community infrastructure in peatland areas may also have some level of environmental impacts due to improper design and/or siting. These are expected to be community infrastructure related to livelihood activities. Depending on the type of livelihood activities, the impacts will vary. Eg if nurseries, negligible (some land clearing perhaps but usually in a degraded area); if sawmills or plywood, more implications (may need some investigating, or on a negative list?); if swallow nests, then negligible impacts; if alternative enterprises (cattle? Mechanical repairs?) then diverse but usually minor)

E. Borrowers Institutional Capacity for Safeguard Policies

The implementing agency will be selected from a pool of NGOs with good track records in the management of environmental and social aspects. The selection screening criteria will include proven experience in implementing WB's safeguard policies for livelihoods and environmental conservation activities. Further assessments will be carried out once the implementing NGO has been selected. Field implementation will be spearheaded by local NGOs and/or communities who will be selected on a competitive basis through an on-granting mechanism managed by the implementing NGO at the national level.

F. Environmental and Social Safeguards Specialists on the Team

Fajar Argo Djati (GSUID)
 Lucy Madeline Mitchell (GSUID)
 Virza S. Sasmitawidjaja (GEN2A)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Since specific locations and more detailed activities remain unknown until community proposals have been identified, safeguard measures developed for this project will use a framework approach. An integrated Environmental and Social Management Framework (ESMF) will be developed based on a risk and impact assessment, by taking stock of previous experiences from similar initiatives and potentially strengthened by further assessments particularly in understudied areas targeted by this project.</p> <p>Sub-grant proposals for activities under livelihoods and peat restoration components (C1 and C2) will have to go through</p>

		<p>preliminary screening to identify potential impacts and safeguard requirements:</p> <ul style="list-style-type: none"> a. Screening against the project's Negative List to ensure that any proposals not aligned with GoI's regulations or deemed to generate major impacts will not be financed; b. Preliminary risk and impact assessment developed in a participatory manner with target communities; c. Development of an Environmental and Social Management Plan (ESMP), containing mitigation measures and resources commensurate to the level of risks and impacts. <p>Under C1, activities would be to support community livelihoods in a more sustainable fashion, primarily through small-scale agriculture support (e.g. alternative crops, seedlings), smallholder forestry management, and small community infrastructure. C2 activities would provide support specifically to restoring peatlands, using community labour whenever possible. This would likely be focused on rewetting particularly through small canal blocks, the establishment of small water reservoirs, and revegetation / reforestation. Those are initially identified activities, further identification will be done in the appraisal.</p> <p>Prior to the project effectiveness, the implementing NGO will develop a Project Operational Manual (POM) and relevant Standard Operating Procedures (SOPs) to operationalize the ESMF, including procedures for oversight, complaint handling and community participation during proposal development and activity implementation.</p> <p>This proposed project is considered a Category B because potential livelihood and restoration activities are considered to have site-specific, largely reversible, and low environmental impacts.</p>
Natural Habitats OP/BP 4.04	Yes	The project location covers a wide potential area with many globally significant natural habitats both terrestrial and aquatic (including national parks). Some targeted communities could be in close proximity to these natural

		areas and there is a risk that agricultural or forestry support could lead to further conversion or degradation of natural habitat (even though this support is intended to improve the sustainability of current poor practices). The Environmental and Social Management Framework (ESMF) will be developed to identify potential impacts and appropriate mitigate measures for any habitat conversion and degradation risks.
Forests OP/BP 4.36	Yes	The project is intended to positively impact the health of lowland forests, but risks of further degradation or conversion remain given improved agricultural inputs or small community infrastructure. Furthermore, the project seeks to support communities in improving the management and utilization of their forests. Hence, an integrated Environmental and Social Management Framework (ESMF) will be developed to identify potential impacts and appropriate mitigate measures for these issues.
Pest Management OP 4.09	TBD	The project is not expected to finance any pesticides (which will be included in negative screening list), but this will be reassessed during preparation when the nature of agricultural activities are more precise. Pesticides are currently widely used in lowland areas and it will be important to assess if project investments alter pest management practices and increase the application of pesticides for improved crop yields. If project investments are determined to likely increase the application of pesticides, then the Environmental and Social Management Framework (ESMF) will include measures to identify potential pesticide risks and appropriate mitigate measures and promotion of integrated pest management.
Physical Cultural Resources OP/BP 4.11	Yes	The Physical Cultural Resources policy is triggered since sub-grant activities may have impacts on the use of and access to sites with potential cultural significance. No project activities are expected to affect Physical Cultural Resources. However, in the event that such impacts occur due to the implementation of sub-project activities (e.g. small-scale construction works, land demarcation, rewetting, etc.), the ESMF will incorporate

		procedures to address chance finds of physical and cultural resources in consultation with affected communities.
Indigenous Peoples OP/BP 4.10	Yes	<p>The project will be implemented in lowland areas where there are IPs (Adat communities) and/or co-existence between Adat and local communities. Site-specific social analysis, which is integral to the IPs screening process, will be carried out by project proponents to identify specific risks and impacts that may affect IPs and vulnerable groups with regards to the proposed activities. Each proposal developed by project proponents (local NGOs and/or community representatives) will have to obtain evidence of broad community support through free, prior and informed consultations within the community concerned and neighboring communities. This process of free, prior and informed consultations shall be revisited over the course of the project.</p> <p>A risk assessment will be carried out as part of the ESMF development. The risk assessment will include a social assessment involving a broad range of stakeholders, including IPs and local communities and representatives from the government, national and regional IPs organizations and academics to capture diverse views of potential risks that may arise from the project activities. The ESMF will incorporate Indigenous Peoples Planning Framework (IPPF) and procedures of free, prior and informed consultations as well as requirements for capacity building and Grievance Redress Mechanism (GRM) to ensure that the project is implemented in a socially and culturally appropriate manner and that Adat communities can participate and benefit from the project. In many cases it is expected that the proponents or grantees will be indigenous peoples' organizations.</p>
Involuntary Resettlement OP/BP 4.12	Yes	The project will not finance activities that will result in involuntary resettlement i.e. involuntary taking of land and/or the exercise of eminent domain. The project anticipates that there will be no access restrictions in relation to parks and protected areas as per OP 4.12. However, in the event that activities proposed may cause restriction of access (e.g.

		rewetting, canal blocking, etc.) and/or impacts on livelihoods (e.g. no-burning method), such activities will be implemented subject to mutual agreement and consensus by communities affected and such agreement must be duly documented and monitored by project proponents. A Process Framework to mitigate impacts with regards to access restrictions and livelihoods displacement will be incorporated in the ESMF. If Voluntary Land Donation (VLD) is required, the ESMF will provide a guideline for the handling of VLD, including the processes needed for conducting consultations and obtaining consent from landowners and heirs, legal documentation and processing.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Appraisal stage ISDS required?: Yes

i. Explanation

N/A

ii. Tentative target date for preparing the Appraisal Stage ISDS

28-Jul-2017

A. 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 Appraisal Stage ISDS.

IV. Approval

Task Team Leader(s):	Name: Dinesh Aryal, George Henry Stirrett Wood	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 25-May-2017
Practice Manager/Manager:	Name: Iain G. Shuker (PMGR)	Date: 02-Jun-2017

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.

Public Disclosure Copy

Public Disclosure Copy