



Project Implementation Report

(1 July 2022 – 30 June 2023)

Project Title:	<i>Maintaining and Enhancing Water Yield Through Land and Forest Rehabilitation (MEWLAFOR)</i>
GEF ID:	<i>10757</i>
UNIDO ID:	<i>200181</i>
GEF Replenishment Cycle:	<i>GEF-7</i>
Country(ies):	<i>Indonesia</i>
Region:	<i>EAP - East Asia and Pacific</i>
GEF Focal Area:	<i>Land Degradation (LD)</i>
Integrated Approach Pilot (IAP) Programs ¹ :	
Stand-alone / Child Project:	<i>Stand alone project</i>
Implementing Department/Division:	<i>ENV / IRE</i>
Co-Implementing Agency:	<i>NA</i>
Executing Agency(ies):	<i>Ministry of Environment and Forestry</i>
Project Type:	<i>Medium-Sized Project (MSP)</i>
Project Duration:	<i>36</i>
Extension(s):	<i>NA</i>
GEF Project Financing:	<i>1,775,313</i>
Agency Fee:	<i>168,655</i>
Co-financing Amount:	<i>14,712,918.61</i>
Date of CEO Endorsement/Approval:	<i>1/25/2022</i>
UNIDO Approval Date:	<i>2/8/2022</i>
Actual Implementation Start:	<i>02/28/2022</i>
Cumulative disbursement as of 30 June 2023:	<i>0</i>

¹ Only for GEF-6 projects, if applicable

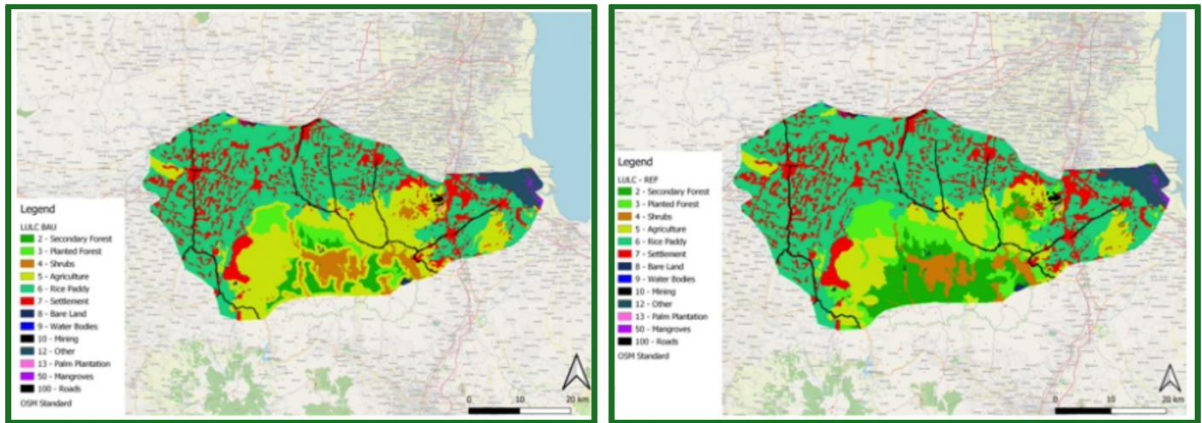
Mid-term Review (MTR) Date:	12/1/2023
Original Project Completion Date:	3/31/2026
Project Completion Date as reported in FY22:	NA
Current SAP Completion Date:	2/28/2025
Expected Project Completion Date:	3/31/2027
Expected Terminal Evaluation (TE) Date:	12/1/2026
Expected Financial Closure Date:	9/3/2027
UNIDO Project Manager ² :	Christian Susan

I. Brief description of project and status overview

Project Objective
<p><i>To demonstrate an innovative approach to how a proactive multi-stakeholder private sector-catalyzed partnership for water stewardship can be upscaled to achieve transformational changes in the restoration of degraded terrestrial ecosystems.</i></p> <p><i>26,033 ha of landscapes will be under improved practices.</i></p> <p><i>9,690,000 mt of CO2 emissions will be mitigated.</i></p> <p><i>278,600 (125,370 female and 153,230 male) residents of the Brantas river basin will be direct beneficiaries of the project</i></p>

Baseline
<p><i>Progressive deforestation and land degradation has distorted the hydrology of the Brangkal, Sadar and Porong sub-catchment areas of the Brantas river in terms of quality and quantity of water yield. In the business as usual (BAU) scenario, where 22,336 ha of forest will be lost in the basin.</i></p> <p><i>(The global environmental benefits under the project include (1) improved provision of agro-ecosystem and forest ecosystem goods and services; (2) mitigated/avoided greenhouse gas emissions and increased carbon sequestration in production landscapes; (3) water conservation and sustainable use of biodiversity in productive landscapes; and (4) reductions in nutrient pollution and siltation of international waters.</i></p> <p><i>The indicators quantified are carbon storage, water retention, sediment retention, and nutrient delivery (nitrogen and phosphorous). Each indicator was simulated under two land cover scenarios: (1) A business-as-usual (BAU) scenario, in which 22,336 ha of forest are lost relative to the 2018 map; and (2) A reforestation (REF) scenario, after which 3,697 ha are reforested.</i></p> <p><u><i>Forest coverage:</i></u></p>

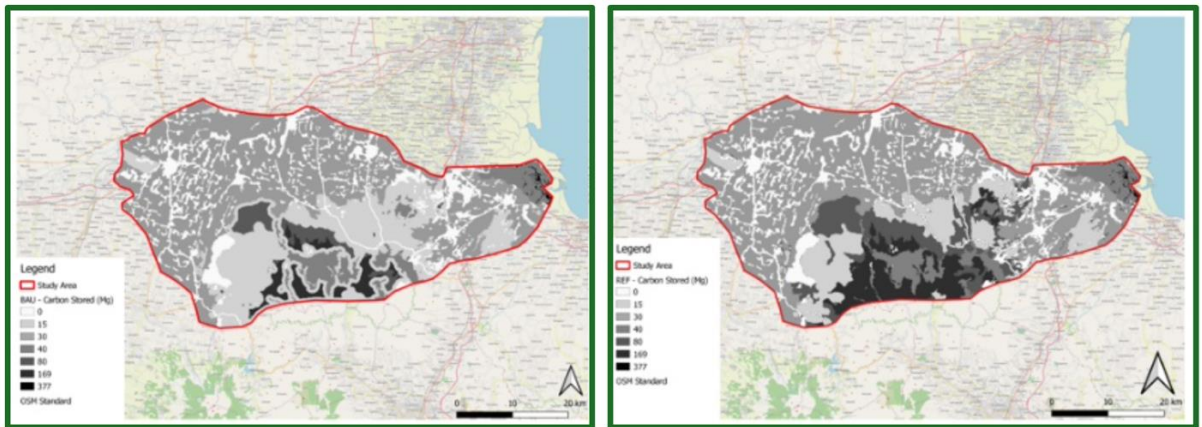
² Person responsible for report content



Map 14: Land Cover

Left: The BAU scenario if deforestation continues | Right: The REF scenario with improved land management

Carbon Storage



Map 15: Carbon Storage

Left: The BAU scenario | Right: The REF scenario

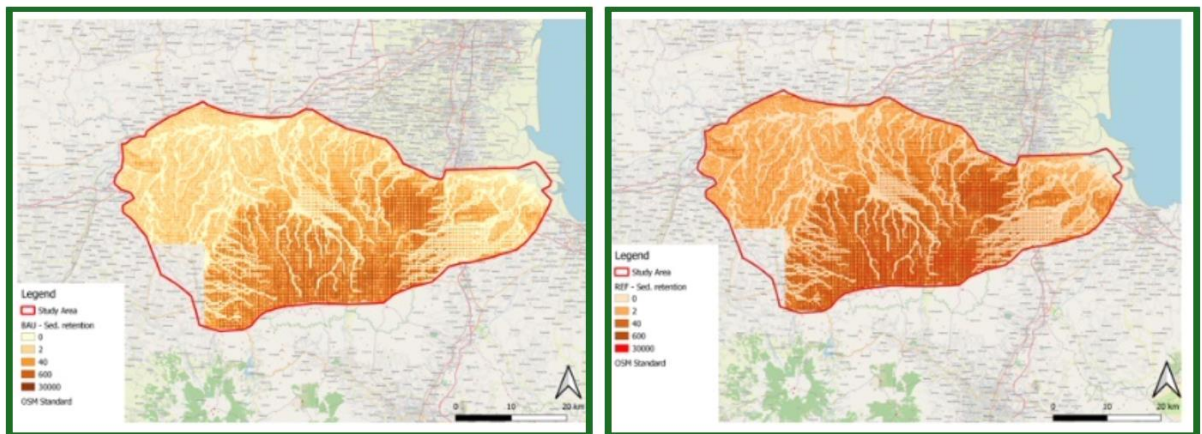
Water Retention



Map 16: Water Retention

Left: The BAU scenario | Right: The REF scenario

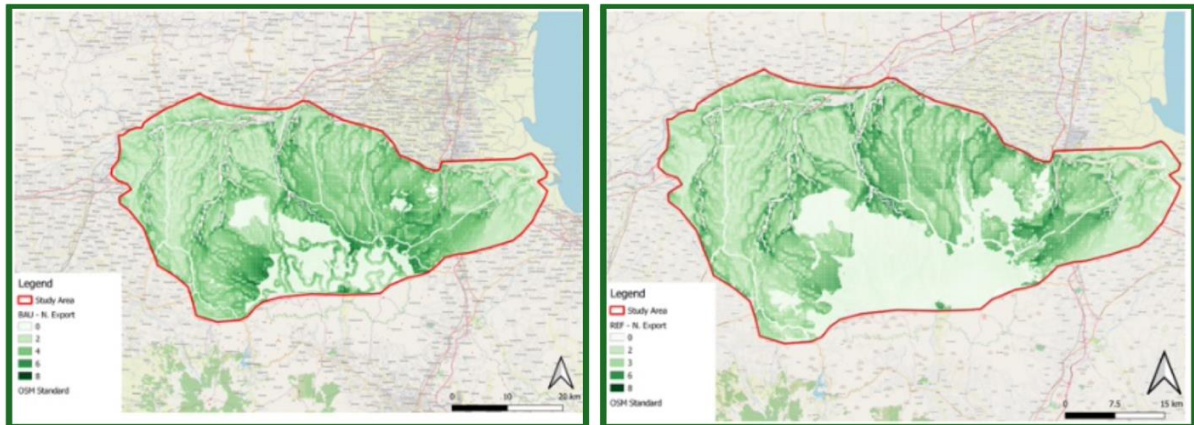
Sediment Retention



Map 17: Sediment Retention

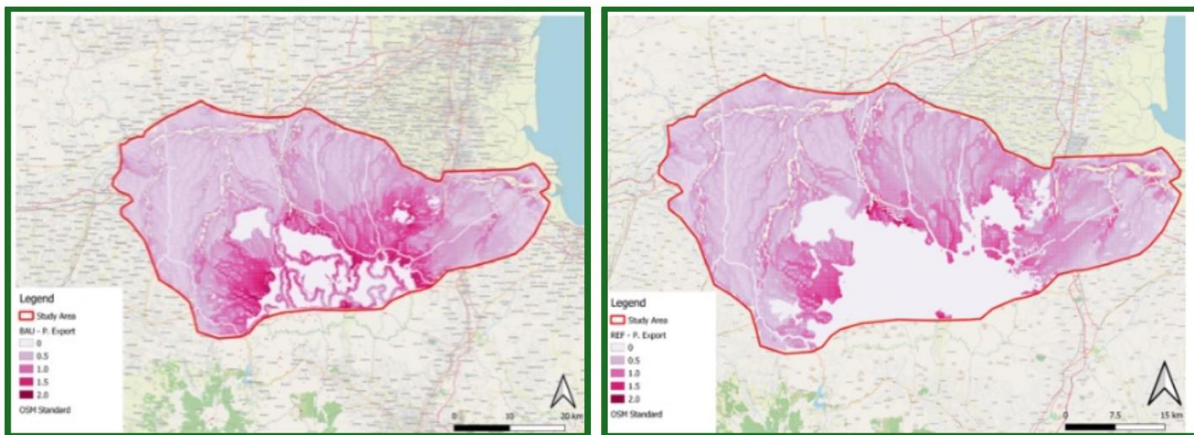
Left: The BAU scenario | Right: The REF scenario

Nutrient Delivery (Nitrogen)



Map 18: Nutrient Delivery (Nitrogen)
Left: The BAU scenario | Right: The REF scenario

Nutrient Delivery (Phosphorous)



Map 19: Nutrient Delivery (Phosphorous)
Left: The BAU scenario | Right: The REF scenario

Table 11: Summary of Global Environmental Benefits (SAVi) (annually)

Indicator	BAU Scenario	REF Scenario	Change
Carbon Storage	6,091,730.52 mt	8,735,192.53 mt	-2,643,462.00 mt
Water Retention	129,849,733.21 m ³	137,831,074.66 m ³	-7,981,341.45 m ³
Sediment Retention	81,335,596.32 t	99,523,742.33	-18,188,146.01 t
Nutrient Delivery (Nitrogen Export)	577,081.33 kg	455,707.63 kg	121,373.71 kg
Nutrient Delivery (Phosphorous Export)	113,689.82 kg	78,582.52 kg	35,107.31 kg

Please refer to the explanatory note at the end of the document and select corresponding ratings for the current reporting period, i.e. FY23. Please also provide a short justification for the selected ratings for FY23.

In view of the GEF Secretariat's intent to start following the ability of projects to adopt the concept of adaptive management³, Agencies are expected to closely monitor changes that occur from year to year and demonstrate that they are not simply implementing plans but modifying them in response to developments and circumstances or understanding. In order to facilitate with this assessment, please introduce the ratings as reported in the previous reporting cycle, i.e. FY22, in the last column.

Overall Ratings ⁴	FY23	FY22
Global Environmental Objectives (GEOs) / Development Objectives (DOs) Rating	<i>Unknown</i>	<i>Unknown</i>
<i>Project execution could not yet be launched</i>		
Implementation Progress (IP) Rating	<i>Highly Unsatisfactory (HU)</i>	<i>Unknown</i>
<i>Project execution could not yet be launched</i>		
Overall Risk Rating	<i>High Risk (H)</i>	<i>Moderate Risk (M)</i>
<p><i>Project implementation has not yet started. UNIDO has submitted the negotiated Project Execution Agreement to MOEF on 30 June 2022. After clearance by the Ministry of Finance, MOEF revised the PEA until December 2022 and then requested several changes. These were accepted by UNIDO and a revised PEA signed by UNIDO was sent to MOEF for counter signature on 17 February 2023.</i></p> <p><i>On 29 May 2023 MEOF they realized that Article 4.04 (Refund of Financial Commitment) of Annex A, General Conditions of the Agreement, poses a challenge as Indonesian Law does not permit the refund of the grant amount.</i></p> <p><i>UNIDO considers this Article indispensable to comply with GEF fiduciary standards</i></p> <p><i>“4.04. Refund of Financial Commitment</i></p> <p><i>(a) If UNIDO determines that an amount of the Financial Commitment has been used in a manner inconsistent with the provisions of the agreement, the project executing entity shall, following notice of UNIDO’S determination, promptly refund such amount to UNIDO. Such inconsistent use shall include, without limitation:</i></p> <p><i>(i) payment for an expenditure that is not an eligible expenditure; or</i></p> <p><i>(ii) engaging in corrupt, fraudulent, coercive or collusive practices, misprocurement, or making a material misrepresentation, in connection with the use of such amount.</i></p> <p><i>(b) UNIDO shall cancel, excepts as UNIDO may otherwise determine, all amounts refunded pursuant to this paragraph.”</i></p>		

³ Adaptive management in the context of an intentional approach to decision-making and adjustments in response to new available information, evidence gathered from monitoring, evaluation or research, and experience acquired from implementation, to ensure that the goals of the activity are being reached efficiently

⁴ Please refer to the explanatory note at the end of the document and assure that the indicated ratings correspond to the narrative of the report

To overcome this impasse a call between UNIDO and MOEF was organized on 26 June 2023. In this call it was agreed that:

- MOEF will provide UNIDO with evidence of past agreements signed with other UN organizations where the clause at issue was waived; This will then have to be assessed by UNIDO's legal Division upon compliance with the GEF fiduciary standards requirements
- MOEF to provide UNIDO with written explanation about their position in case UNIDO cannot waive such clause;

MOEF was supposed to provide the above information the week after the meeting, hence the first week of July, but nothing was received so far.

II. Targeted results and progress to-date

Please describe the progress made in achieving the outputs against key performance indicator's targets in the project's **M&E Plan/Log-Frame at the time of CEO Endorsement/Approval**. Please expand the table as needed.

Please fill in the below table or make a reference to any supporting documents that may be submitted as annexes to this report.

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress in FY23
Component 1 – Land restoration for water retention, sediment retention and improved livelihoods				
Outcome 1.1: Loss of 2,407 ha of protected forest and 19,929 ha of conservation forest avoided; up to 18 million t/year of erosion avoided; 121 t of N and 35 t of P input into the Brantas avoided annually; 7,981,341 m ³ of water per year retained in the catchment area				
Output 1.1.1: Restoration of upstream agroforestry systems to revert land degradation, enhance water retention and groundwater replenishment and cater for alternative livelihoods	Indicator 4 ha of protected forest loss avoided	0	2,407 ha of protected forest loss avoided	NA since project execution could not yet be launched.
	Indicator 5 ha of conservation forest avoided	0	19,929 ha of conservation forest avoided	
	Indicator 6 t/year of erosion avoided	0	18 million t/year of erosion avoided	
	Indicator 7 t of N input into the Brantas avoided annually ENV 2	0	121 t of N input into the Brantas avoided annually	
	Indicator 8 t of P input into the Brantas avoided annually ENV 2	0	35 t of P input into the Brantas avoided annually	
	Indicator 9 m ³ of water per year retained in the catchment area	0	7,981,341 m ³ of water per year retained in the catchment area	
	Indicator 10	0		

	<p>ha of upstream agroforestry schemes restored</p> <p>Indicator 11 Number of community farmers with enhanced capacity to plant and maintain agroforestry schemes (disaggregated by sex) REA 2</p> <p>Indicator 12 Number of community farmers with enhanced capacity to market Non-Timber Forest Products (NTFPs) (disaggregated by sex) REA 2</p> <p>Indicator 13 Number of women community farmers with enhanced capacity to plant and maintain agroforestry schemes and market NTFPs REA 2</p>	<p>0</p> <p>0</p> <p>0</p>	<p>387 ha of upstream agroforestry schemes restored</p> <p>150 community farmers with enhanced capacity to plant and maintain agroforestry schemes</p> <p>75 community farmers with enhanced capacity to market NTFPs</p> <p>25 women (as part of the established KWT women's farmer group) with enhanced capacity to plant and maintain agroforestry schemes and market NTFPs</p>	
Output 1.1.2: Restoration of riparian bamboo forests for sediment retention, water infiltration and pollution absorption and sustainable use of bamboo for value added product	<p>Indicator 14 ha of riparian bamboo forest (400 stools/ha) restored</p> <p>Indicator 15 Number of community farmers with enhanced capacity to plant and maintain riparian bamboo forests (disaggregated by sex) REA 2</p> <p>Indicator 16 Number of community farmers with enhanced capacity to build sustainable value-added chains for bamboo products (disaggregated by sex) REA 2</p>	<p>0</p> <p>0</p> <p>0</p>	<p>130 ha of riparian bamboo forest (400 stools/ha) restored</p> <p>150 community farmers (from 25 villages) with enhanced capacity to plant and maintain riparian bamboo forests</p> <p>50 community farmers with enhanced capacity to build sustainable value-added chains for bamboo products</p>	NA since project execution could not yet be launched.
Component 2 – Nature-based infrastructure and awareness creation for land and water conservation, sediment and water retention				
Outcome 2.1: 204,880 m3 of water per year retained in the catchment area and awareness for integrated land and water conservation created for at least 24,000 people				
Output 2.1.1: Construction of 597 absorption wells and awareness creation for enhanced water retention in the catchment area	<p>Indicator 17 m3 of water per year retained in the catchment area</p> <p>Indicator 18 Number of people with increased</p>	<p>0</p> <p>0</p>	<p>Up to 1,210,000 m3 of water per year retained in the catchment area</p> <p>24,000 people with increased awareness for integrated land</p>	NA since project execution could not yet be launched.

	<p>awareness for integrated land and water conservation KASA 1</p> <p>Indicator 19 Number of absorption wells constructed 0</p> <p>Indicator 20 Number of people with enhanced capacity to construct and maintain absorption wells (disaggregated by sex) KASA 2 0</p> <p>Indicator 21 Number of people with enhanced capacity in water stewardship good practices (disaggregated by sex) KASA 2 0</p> <p>Indicator 22 Number of new water stewardship activities/partnerships established in the sub-catchments of the Brantas river and beyond CPO 5 0</p> <p>Indicator 23 Number of twinning exchanges for water stewardship knowledge transfer TCO 1 0</p> <p>Indicator 24 Number of women involved in community decision making and in nature-based infrastructure development and education activities KASA 2 0</p> <p>Indicator 25 Number of people with increased awareness of the importance of women in water stewardship activities KASA 1 0</p>		<p>and water conservation</p> <p>597 absorption wells constructed</p> <p>150 people with enhanced capacity to construct and maintain absorption wells</p> <p>210 people with enhanced capacity in water stewardship good practices</p> <p>5 new water stewardship activities/partnerships established in the sub-catchments of the Brantas river and beyond</p> <p>6 twinning exchanges for water stewardship knowledge transfer</p> <p>50 women involved in community decision making and in nature-based infrastructure development and education activities</p> <p>2,000 people with increased awareness of the importance of women in water stewardship activities</p>	
<p>Output 2.1.2: Establishment of 8,000 biopori and awareness creation for water conservation in 40 schools</p>	<p>Indicator 26 Number of biopori constructed on the grounds of 40 schools</p> <p>Indicator 27 Number of school children with heightened awareness and understanding of the</p>			<p>NA since project execution could not yet be launched.</p>

	environmental issues in the Brantas Basin (disaggregated by sex) KASA 1			
Component 3 – Strengthen the enabling environment to promote community-based land restoration				
Outcome 3.1: Institutional capacities of the MOEF regional office for an upscaling of water stewardship initiatives and for the better enforcement of the regulatory framework geared at avoiding the loss of protected and conservation forests enhanced				
Output 3.1.1: Facilitation of active involvement of the staff of the Sidoarjo regional MOEF office in project execution and in the better enforcement of the regulatory framework geared at avoiding the loss of protected and conservation forests.	Indicator 28 Number of MOEF (and other government) officials with strengthened capacity to better enforce the regulatory framework geared at avoiding the loss of protected and conservation forests enhanced REA 2	0	25 MOEF (and other government) officials with strengthened capacity to better enforce the regulatory framework geared at avoiding the loss of protected and conservation forests enhanced	NA since project execution could not yet be launched.
	Indicator 29 Number of stakeholders reached through project communication products and media campaigns KASA 1	0	5,000 stakeholders reached through project communication products and media campaigns	
	Indicator 30 Number of MOEF (and other government) officials with strengthened capacity to upscale project activities REA 2	0	6 MOEF (and other government) officials with strengthened capacity to upscale project activities	
	Indicator 31 Number of MOEF (and other government) officials sensitized in gender aspects of water stewardship/ forestry law enforcement (disaggregated by sex) KASA 2	0	25 MOEF (and other government) officials sensitized in gender aspects of water stewardship/ forestry law enforcement	
	Indicator 32 Number of participants at international and national events with increased awareness and understanding of the MEWLAFOR project KASA 1	0	200 participants at international and national events with increased awareness and understanding of the MEWLAFOR project	
	Indicator 33 Number of people with increased awareness and understanding of project-generated knowledge and lessons learned in	0	50 people with increased awareness and understanding of project-generated knowledge and lessons learned in gender mainstreaming	

	<p>gender mainstreaming (disaggregated by sex) KASA 1</p> <p>Indicator 34 Number of women hired as project staff or as consultants to deliver project activities</p>	0	4 women hired as project staff or as consultants to deliver project activities	
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Component 4 – Monitoring and Evaluation

Outcome 4.1: Impact of project tracked and reported as per GEF and UNIDO guidelines

<p>Output 4.1.1: Project progress monitoring and reporting</p>	<p>Indicator 35 Number of GEF Project Implementation Reports (PIR)</p> <p>Indicator 36 Number of Project Steering Committee meetings</p> <p>Indicator 37 Number of GEF Project Experience Notes Produced</p> <p>Indicator 38 Number of women and men participating in and directly benefitting from project-organized workshops and training opportunities (disaggregated by sex)</p> <p>Indicator 39 Number of women and men benefiting from direct interactions with the business community through project interventions (disaggregated by sex)</p> <p>Indicator 40 Percentage of women and men who consider themselves better off (e.g. livelihood, income, environment) now than before the project intervention (disaggregated by sex)</p> <p>Indicator 41 Percentage of budget allocation directed to gender</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>3=>4 GEF PIRs</p> <p>7 Project Steering Committee meetings (including 1 Inception Workshop)</p> <p>1 GEF Project Experience Note Produced</p> <p>2826 men (and boys) and 1884 women (and girls) participating in and directly benefitting from the project-organized workshops and training opportunities (4710 people total) 125 women and 125 men benefitting from direct interactions with the business community through project interventions</p> <p>75% of women and 75% of men consider themselves better off now than before the project intervention</p> <p>5% of total budget directed to gender mainstreaming activities</p>	<p>1</p> <p>NA since project execution could not yet be launched.</p>
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	mainstreaming-related activities (Target 5%). Disaggregated from neutral activities			
Output 4.1.2: Midterm review and independent terminal evaluation conducted	Indicator 42 Number of Midterm Reviews	0	Review Midterm Review Report; review project progress reports to PSC	NA since project execution could not yet be launched.
	Indicator 43 Number of Independent Terminal Evaluations	0	Review Terminal Evaluation Report; review project progress reports to PSC	

III. Project Risk Management

1. Please indicate the overall project-level risks and the related risk management measures: (i) as identified in the CEO Endorsement document, and (ii) progress to-date. Please expand the table as needed.

	(i) Risks at CEO stage	(i) Risk level FY 22	(i) Risk level FY 23	(i) Mitigation measures	(ii) Progress to-date	New defined risk ⁵
1	External Risks Covid-19 crisis may affect the modalities of activity implementation	NA	L	Adaptive management practices	While project execution could not yet be launched the COVID-19 pandemic seems to be overcome. Thus the COVID-19 crisis no longer constitutes a risk to project implementation	<input type="checkbox"/>
2	Environmental and Social Risks Indonesia is ranked in the top-third of countries in terms of climate risk, with high exposure to all types of flooding, and extreme heat. The intensity of these hazards is expected to grow as the climate changes. Climate change is also likely to have impacts on water availability, disaster risk management, urban development, particularly in the coastal zones, and health and nutrition, with implications for poverty and inequality. There is high variation in the potential impacts of climate change at the regional and	NA	M	For the agroforestry schemes, indigenous tree species with a high wind, drought and temperature tolerance will be chosen. In the siting of the agroforestry areas, particular focus will be placed on avoiding sites that are prone to landslides. For the bamboo afforestation, wind, drought and temperature-resistant varieties will be chosen. In the siting of the bamboo afforestation areas, particular focus will be placed on avoiding flood and riverbank erosion-prone sites. In the siting of the absorption wells, particular focus will be placed on avoiding sites that are prone to landslides and the deposition of surface runoff with high sediment loading	Project execution could not yet be launched.	<input type="checkbox"/>

⁵ New risk added in reporting period. Check only if applicable.

<p>local levels. Without well planned adaptation and disaster risk reduction efforts at these levels, the poorest and most marginalized communities are likely to experience significant loss and damage as a result of climate change impacts</p>					
<p>Low understanding and sensitivity on gender perspectives of project implementers and key stakeholders further increases the gender gap that occurs at the project site</p>	NA	M	<p>Develop clear guidance on gender integration actions. Facilitate training and capacity building for project executing partners and key stakeholders on gender equality matters.</p>	<p>Project execution could not yet be launched.</p>	
<p>Women's decision making and involvement in the project is limited. Implementation policies do not support women's needs and priorities</p>	NA	M	<p>Strengthen women empowerment and gender equality through the establishment of organizations that can help women realize their aspirations in soil and water conservation and retention management—such as the establishment of a KWT.</p>	<p>Project execution could not yet be launched.</p>	
<p>The project will disseminate information to and build capacity of the community as project beneficiaries. Data indicates women's access to education, both formal and informal/vocational, is lower than men's, and there is a risk that women farmers will be left behind in changing/adapting more sustainable land and water management. On the other hand women also have traditional knowledge related to water and forest conservation and management. Leaving women behind in project implementation will risk losing the opportunity to realize new knowledge, skills and technologies by adapting from traditional knowledge.</p>	NA	M	<p>Ensure women's groups are consulted during project implementation and their information and knowledge will be taken into account. Develop and disseminate experiences and lessons learned on gender aspects of the project.</p>	<p>Project execution could not yet be launched.</p>	

	In agriculture and agroforestry, women prefer crops that are oriented toward meeting household needs (food and energy), while men are more market-oriented. With changes in landscape conditions (land and water degradation) and climate change, there is a risk men will claim more fertile/safe land from possible disasters (landslides/floods) to plant market-oriented crops; which leaves women with more vulnerable/less fertile land for growing crops oriented towards meeting household needs	NA	M	Identify the types of plants prioritized by women, and ensure that these plants are included in the agroforestry scheme restoration. Conduct participatory mapping (women and men actively involved) to determine land use and management to be developed for agriculture and agroforestry	Project execution could not yet be launched.	
	Release of domestic pollutants into the ground/waste dumping during plantation and construction	NA	L	Provide training on use of harmful/hazardous materials; adopt policies for dealing with disposal of materials; control and minimize chemical use; ensure locations of absorption wells are not close to pollution sources	Project execution could not yet be launched.	
	Dust, noise and air pollution	NA	M	Traffic, air and noise pollution increases kept to a minimum through load covers, onsite wet suppression, vehicle and route planning, and daytime work schedules. Establish work buffers where possible.	Project execution could not yet be launched.	
	Biodiversity losses	NA	M	Avoid sensitive ecological areas and buffer zones of special ecological importance. Seek environmental expert opinions and assessments.	Project execution could not yet be launched.	
	Accidental falls into absorption wells	NA	L	Ensure technicians apply correct skills regarding construction and management. Post clear signs indicating absorption well present. Fence off absorption wells to keep livestock safe.	Project execution could not yet be launched.	
	Road construction, buildings and other infrastructure increase soil erosion	NA		Good technical planning, including following government procedures to prevent erosion in road construction	Project execution could not yet be launched.	
3	Political and Institutional Risks					<input type="checkbox"/>
	Governments at all levels and key stakeholder groups lack commitment in continuing their support to the water stewardship activities catalyzed by the Aliansi Air	NA	M	The project is a result of an intensive stakeholder engagement process and key stakeholders have already demonstrated their commitment. The risk of stakeholder fatigue can be most effectively mitigated by keeping them informed on project plans and moving as quickly as possible to project implementation. Yet the long delay to launch	Project execution could not yet be launched.	

	Government entities might not support project implementation	NA		project implementation could result in a loss of momentum	Project execution could not yet be launched	
	Indonesian laws might not allow for the establishment of a Project Execution Agreement fully aligned with the requirements of GEF fiduciary standards	NA	H	Counterparts from government in different levels have been consulted during the PPG phase and have expressed their support for the project. MOEF, as the line ministry has expressed its support. Engaging MOEF as the Project Executing Entity and actively engaging the MOEF regional office in Sidoarjo in project execution will mitigate this risk. MOEF provided strategic guidance to the development of this CEO document and holds a sense of ownership over project design. On going constructive dialogue	UNIDO has requested MOEF to provide evidence of past agreements signed with other UN organizations where the clause of returning funds in case of fraudulent use e was waived; MOEF was requested to provide UNIDO with written explanation about their position in case UNIDO cannot waive such clause	<input checked="" type="checkbox"/>
4	Special Implementation Risks Bamboo village processing factory financing cannot be secured during the project period	NA	L	The activity has been designed to achieve its intended objective even without the value-add of a village factory. The process to secure factory financing is an end in itself, as it will help increase the visibility of the 1,000 Bamboo Village initiative.	Project execution could not yet be launched	<input type="checkbox"/>

2. If the project received a **sub-optimal risk rating (H, S)** in the previous reporting period, please state the **actions taken** since then to mitigate the relevant risks and improve the related risk rating. Please also elaborate on reasons that may have impeded any of the sub-optimal risk ratings from improving in the current reporting cycle; please indicate actions planned for the next reporting cycle to remediate this.

NA no PIR was required in 2022. UNIDO will engage further in the on-going constructive dialogue with the national counterpart to launch the project execution as soon as possible.

3. Please indicate any implication of the **COVID-19** pandemic on the progress of the project.

While project execution could not yet be launched the COVID-19 pandemic seems to be overcome. Thus, the COVID-19 crisis no longer constitutes a risk to project implementation

4. Please clarify if the project is facing delays and is expected to request an **extension**.

Yes, the project is facing significant delays since for the reasons previously elaborated in detail so far no Project Execution Agreement could be concluded with the designated Executing Entity i.e. the Indonesian Ministry of Environment and Forestry.

5. Please provide the **main findings and recommendations of completed MTR**, and elaborate on any actions taken towards the recommendations included in the report.

NA the midterm evaluation will only be launched some 18 months into project execution.

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IV. Environmental and Social Safeguards (ESS)

1. As part of the requirements for **projects from GEF-6 onwards**, and based on the screening as per the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), which category is the project?

Category A project

Category B project

Category C project

(By selecting Category C, I confirm that the E&S risks of the project have not escalated to Category A or B).

No new environmental and social safeguard risks have been identified.

Please expand the table as needed.

	E&S risk	Mitigation measures undertaken during the reporting period	Monitoring methods and procedures used in the reporting period
(i) Risks identified in ESMP at time of CEO Endorsement	<p>Indonesia is ranked in the top-third of countries in terms of climate risk, with high exposure to all types of flooding, and extreme heat. The intensity of these hazards is expected to grow as the climate changes.</p> <p>Climate change is also likely to have impacts on water availability, disaster risk management, urban development, particularly in the coastal zones, and health and nutrition, with implications for poverty and inequality. There is high variation in the potential impacts of climate change at the regional and local levels.</p>	<p>NA since project execution has not yet been launched</p>	<p>NA since project execution has not yet been launched</p>

	<p>Without well planned adaptation and disaster risk reduction efforts at these levels, the poorest and most marginalized communities are likely to experience significant loss and damage as a result of climate change impacts</p> <p>Low understanding and sensitivity on gender perspectives of project implementers and key stakeholders further increases the gender gap that occurs at the project site</p> <p>Women's decision making and involvement in the project is limited. Implementation policies do not support women's needs and priorities</p> <p>The project will disseminate information to and build capacity of the community as project beneficiaries. Data indicates women's access to education, both formal and informal/vocational, is lower than men's, and there is a risk that women farmers will be left behind in changing/adapting more sustainable land and water management. On</p>		
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	<p>the other hand women also have traditional knowledge related to water and forest conservation and management.</p> <p>Leaving women behind in project implementation will risk losing the opportunity to realize new knowledge, skills and technologies by adapting from traditional knowledge.</p> <p>In agriculture and agroforestry, women prefer crops that are oriented toward meeting household needs (food and energy), while men are more market-oriented. With changes in landscape conditions (land and water degradation) and climate change, there is a risk men will claim more fertile/safe land from possible disasters (landslides/floods) to plant market-oriented crops; which leaves women with more vulnerable/less fertile land for growing crops oriented towards meeting household needs</p> <p>Release of domestic pollutants into the ground/waste dumping during</p>		
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	<p>plantation and construction</p> <p>Dust, noise and air pollution</p> <p>Biodiversity losses</p> <p>Accidental falls into absorption wells</p> <p>Road construction, buildings and other infrastructure increase soil erosion</p>		
<p>(ii) New risks identified during project implementation (if not applicable, please insert 'NA' in each box)</p>	<p>NA since project execution has not yet been launched</p>		

V. Stakeholder Engagement

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes** regarding engagement of stakeholders in the project (based on the Stakeholder Engagement Plan or equivalent document submitted at CEO Endorsement/Approval).

NA since project execution has not yet been launched

2. Please provide any feedback submitted by national counterparts, GEF OFP, co-financiers, and other partners/stakeholders of the project (e.g. private sector, CSOs, NGOs, etc.).

The project has been featured as the result of a long-standing cooperation between multiple partners in the official side-event for the UN 2023 Water Conference “Infrastructure Resilience – A Prerequisite for ensuring availability and sustainable water management”. UNIDO and MOEF have been commended for the project design and the application of NBI solutions to overcome land degradation induced water scarcity

3. Please provide any **relevant stakeholder consultation** documents.

See Annex 1) description of the official side-event for the UN 2023 Water Conference “Infrastructure Resilience – A Prerequisite for ensuring availability and sustainable water management”

VI. Gender Mainstreaming

1. Using the previous reporting period as a basis, please report on the **progress achieved on implementing gender-responsive measures and using gender-sensitive indicators**, as documented at CEO Endorsement/Approval (in the project results framework, gender action plan or equivalent),.

NA since project execution has not yet been launched

VII. Knowledge Management

1. Using the previous reporting period as a basis, please elaborate on any **knowledge management activities / products**, as documented at CEO Endorsement / Approval.

Since project implementation has not yet been launched no additional knowledge management activities / products could be developed.

2. Please list any **relevant knowledge management mechanisms / tools** that the project has generated.

See Annex 1) description of the official side-event for the UN 2023 Water Conference “Infrastructure Resilience – A Prerequisite for ensuring availability and sustainable water management”.

VIII. Implementation progress

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes achieved/observed** with regards to project implementation.

The main challenge for this project is the establishment of the Project Execution Agreement with the Indonesian Ministry of Forestry and Environment.

UNIDO has submitted the negotiated Project Execution Agreement to MOEF on 30 June 2022. After clearance by the Ministry of Finance, MOEF revised the PEA until December 2022 and then requested several changes. These were accepted by UNIDO and a revised PEA signed by UNIDO was sent to MOEF for counter signature on 17 February 2023.

On 29 May 2023 MOEF they realized that Article 4.04 (Refund of Financial Commitment) of Annex A, General Conditions of the Agreement, poses a challenge as Indonesian Law does not permit the refund of the grant amount.

UNIDO considers this Article indispensable to comply with GEF fiduciary standards

“4.04. Refund of Financial Commitment

(a) If UNIDO determines that an amount of the Financial Commitment has been used in a manner inconsistent with the provisions of the agreement, the project executing entity shall, following notice of UNIDO’S determination, promptly refund such amount to UNIDO. Such inconsistent use shall include, without limitation:

(i) payment for an expenditure that is not an eligible expenditure; or

(ii) engaging in corrupt, fraudulent, coercive or collusive practices, misprocurement, or making a material misrepresentation, in connection with the use of such amount.

(b) UNIDO shall cancel, excepts as UNIDO may otherwise determine, all amounts refunded pursuant to this paragraph.”

To overcome this impasse a call between UNIDO and MOEF was organized on 26 June 2023. In this call it was agreed that:

- *MOEF will provide UNIDO with evidence of past agreements signed with other UN organizations where the clause at issue was waived; This will then have to be assessed by UNIDO’s legal Division upon compliance with the GEF fiduciary standards requirements*
- *MOEF to provide UNIDO with written explanation about their position in case UNIDO cannot waive such clause;*

MOEF was supposed to provide the above information the week after the meeting, hence the first week of July, but nothing was received so far (August 04 2023).

2. Please briefly elaborate on any **minor amendments⁶ to the approved project that may have been introduced during the implementation period or indicate as not applicable (NA).**

Please tick each category for which a change has occurred and provide a description of the change in the related textbox. You may attach supporting documentation, as appropriate.

<input type="checkbox"/>	Results Framework	
<input type="checkbox"/>	Components and Cost	
<input type="checkbox"/>	Institutional and Implementation Arrangements	
<input type="checkbox"/>	Financial Management	
<input checked="" type="checkbox"/>	Implementation Schedule	<i>since project execution could not yet be launched, delays in project implementation must be expected</i>
<input type="checkbox"/>	Executing Entity	
<input type="checkbox"/>	Executing Entity Category	
<input type="checkbox"/>	Minor Project Objective Change	
<input type="checkbox"/>	Safeguards	
<input checked="" type="checkbox"/>	Risk Analysis	<i>The high risk that Indonesian laws might not allow for the establishment of a Project Execution Agreement fully aligned with the requirements of GEF fiduciary standard has been added</i>
<input type="checkbox"/>	Increase of GEF Project Financing Up to 5%	

⁶ As described in Annex 9 of the *GEF Project and Program Cycle Policy Guidelines*, **minor amendments** are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%.

<input type="checkbox"/>	Co-Financing	
<input type="checkbox"/>	Location of Project Activities	
<input type="checkbox"/>	Others	

3. Please provide progress related to the **financial implementation** of the project.

NA since project execution has not yet been launched

IX. Work Plan and Budget

1. Please provide **an updated project work plan and budget** for the remaining duration of the project, as per last approved project extension. Please expand/modify the table as needed.

MEWLAFOR Project Structure	Year 1		Year 2		Year 3	
Component 1 - Land Restoration for Water Retention, Sediment Retention and Improved Livelihoods						
Output 1.1: Restoration of Upstream Agroforestry Systems to Revert Land Degradation, Enhance Water Retention and Groundwater Replenishment and Cater for Alternative Livelihoods						
Activity 1.1.1: Planting Agroforestry Schemes (251 ha)	U\$ 266,906	IDR 3,816,759,000	U\$ 69,605	IDR 995,353,000	U\$ 55,317	IDR 791,039,000
	WP 1 establishment of 251 ha Agroforestry schemes		WP 2 maintenance of 251 Agroforestry schemes (year 2)		WP 3 maintenance of 251 Agroforestry schemes (year 3)	
Activity 1.1.2: Marketing Non-Timber Forest Products	U\$ 17,935	IDR 256,470,000	U\$ 19,210	IDR 274,700,000	U\$ 10,811	IDR 154,600,000
	WP 4 marketing of NTFP (Year 1)		WP 5 marketing of NTFP (Year 2)		WP 6 marketing of NTFP (Year 3)	
Output 1.2: Restoration of Riparian Bamboo Forests for Sediment Retention, Water Infiltration and Pollution Absorption and Sustainable Use of Bamboo for Value Added Product						
Activity 1.2.1: Planting Bamboo Forests (Kakisu) (130 ha)	U\$ 270,264	IDR 3,864,775,000	U\$ 65,358	IDR 934,625,000	U\$ 48,600	IDR 694,975,000
	WP 7 establishment of 130 ha of bamboo forests		WP 8 maintenance of 130 bamboo forests (year 2)		WP 9 maintenance of 130 ha bamboo forests (year 3)	
Activity 1.2.2: Building Sustainable Value-Added Chains for Bamboo	U\$ 25,427	IDR 363,600,000	U\$ 20,881	IDR 298,600,000	U\$ 6,668	IDR 95,355,000
	WP 10 Building Sustainable Value-Added Chains for Bamboo (Year 1)		WP 11 Building Sustainable Value-Added Chains for Bamboo (Year 2)		WP 12 Building Sustainable Value-Added Chains for Bamboo (Year 3)	
Component 2 - Nature-Based Infrastructure and Awareness Creation for Land and Water Conservation, Sediment and Water Retention						
Output 2.1: Construction of 597 Absorption Wells (2x2x2 m) and Awareness Creation for Enhanced Water Retention in the Catchment Area						
Activity 2.1.1: Constructing Absorption Wells (597 Units)			U\$ 285,324	IDR 4,080,137,552		
			WP 14 establishment of 597 absorption wells			

Activity 2.1.2: Promoting Water Stewardship Across the Brantas Basin and Beyond	U\$ 50,608	IDR 723,697,000	U\$ 76,463	IDR 1,093,415,000	U\$ 65,205	IDR 932,435,000
	WP 14 promoting water stewardship (Year 1)		WP 15 promoting water stewardship (Year 2)		WP 16 promoting water stewardship (Year 3)	
Output 2.2: Establishing 8,000 Biopori and Awareness Creation for Water Conservation in 40 Schools						
Activity 2.2.1: Demonstrating Practical Water Conservation Measures			U\$ 80,730	IDR 1,154,439,000		
			WP 17 Demonstrating practical measures for water stewardship			
Component 3 - Strengthening the Enabling Environment to Promote Community-Based Land Restoration						
Output 3.1: Facilitation of Active Involvement of the Staff of the Sidoarjo Regional MOEF Office in Project Execution and in the Better Enforcement of the Regulatory Framework Geared at Avoiding the Loss of Protected and Conservation Forests						
Activity 3.1.1: Building Capacity in Regulatory Enforcement and Project Upscaling			U\$ 30,350	IDR 434,000,000	U\$ 9,850	IDR 140,850,000
			WP 18 Building Capacity in Regulatory Enforcement and Project Upscaling (year 2)		WP 19 Building Capacity in Regulatory Enforcement and Project Upscaling (year 3)	
Activity 3.1.2: Planning Water Conservation Measures for the Brantas Basin	U\$ 28,148	IDR 402,516,500				
	WP 20 - Planning Water Conservation Measures for the Brantas Basin (Year 1 I)					
Activity 3.1.3: Developing Strategic Communications for Upscaling and Knowledge Transfer	U\$ 7,601	IDR 108,700,000	U\$ 5,600	IDR 80,080,000	U\$ 20,101	IDR 287,450,000
	WP 21 - Upscaling and Knowledge Transfer (Year 1)		WP 22 - Upscaling and Knowledge Transfer (Year 2)		WP 24 - Upscaling and Knowledge Transfer (Year 3)	
Activity 3.1.4: Transferring Knowledge at Global and National Events for Upscaling					U\$ 23,350	IDR 333,900,000
					WP 26 - Transferring Knowledge at Global and National Events	
Component 4 – Project Management and Monitoring						

Output 4.1: Project Management and Monitoring						
	U\$	IDR	U\$	IDR	U\$	IDR
Activity 4.1.1: Project Management and Monitoring	58,233	832,725,600	55,580	794,787,700	55,580	794,787,700
	WP 25 Project Management and Monitoring by MOEF (Year 1)		WP 26 Project Management and Monitoring by MOEF (Year 2)		WP 27 Project Management and Monitoring by MOEF (Year 3)	

Since implementation could not yet be launched the total budget remains available.

X. Synergies

1. Synergies achieved:

During the PPG phase this project benefited from a SAVI valuation carried out by IISD as the Executing Agency of the UNIDO implemented GEF project “

The valuation revealed that the project is economically viable for investors and generates net benefits for society when considering a) material economic impacts, including the carbon benefits yield with an Internal Rate of Return (IRR) of 22.5%, or b) all material impacts and externalities yields an IRR above 62%. This information was instrumental to obtain GEF funding for this project applying NBI and hybrid solutions to overcome LD induced water scarcity.

3. Stories to be shared (Optional)

NA since project execution has not yet been launched

XI. GEO LOCATION INFORMATION

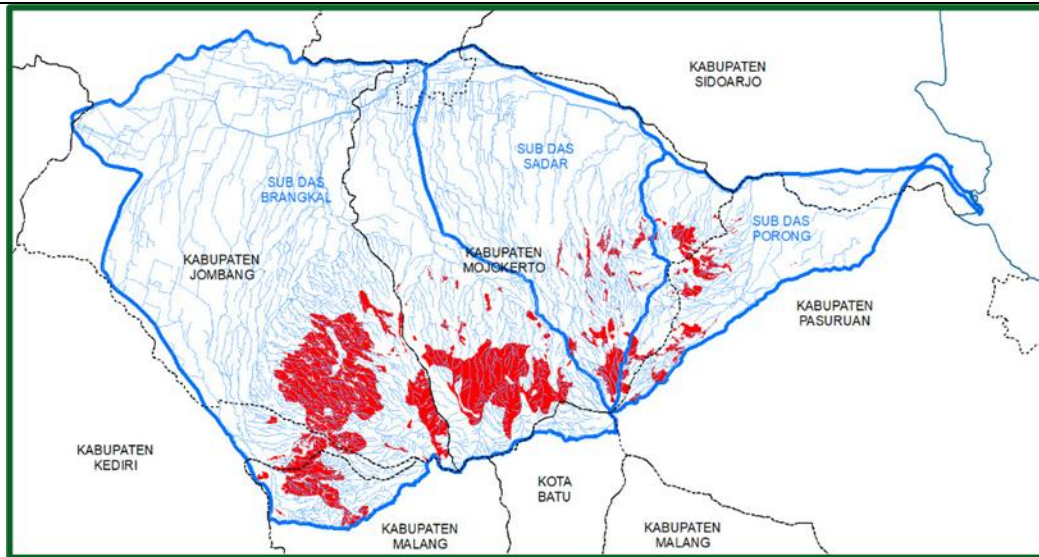
The Location Name, Latitude and Longitude are required fields insofar as an Agency chooses to enter a project location under the set format. The Geo Name ID is required in instances where the location is not exact, such as in the case of a city, as opposed to the exact site of a physical infrastructure. The Location & Activity Description fields are optional. Project longitude and latitude must follow the Decimal Degrees WGS84 format and Agencies are encouraged to use at least four decimal points for greater accuracy. Users may add as many locations as appropriate.

Web mapping applications such as [OpenStreetMap](#) or [GeoNames](#) use this format. Consider using a conversion tool as needed, such as: <https://coordinates-converter.com>

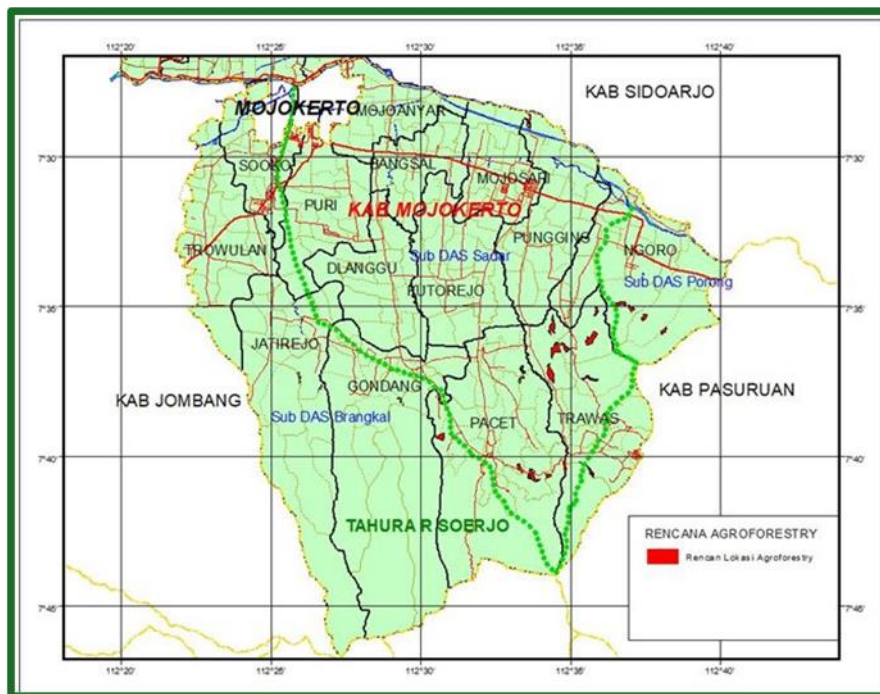
Please see the Geocoding User Guide by clicking [here](#)

Location Name	Latitude	Longitude	Geo Name ID	Location and Activity Description
<i>e.g. Indonesia – Kabupaten Mojoekerto</i>	<i>-7.55</i>	<i>112.48333</i>	<i>Kabupaten Mojoekerto</i>	<i>second order administrative division in which the project activities will be implemented</i>

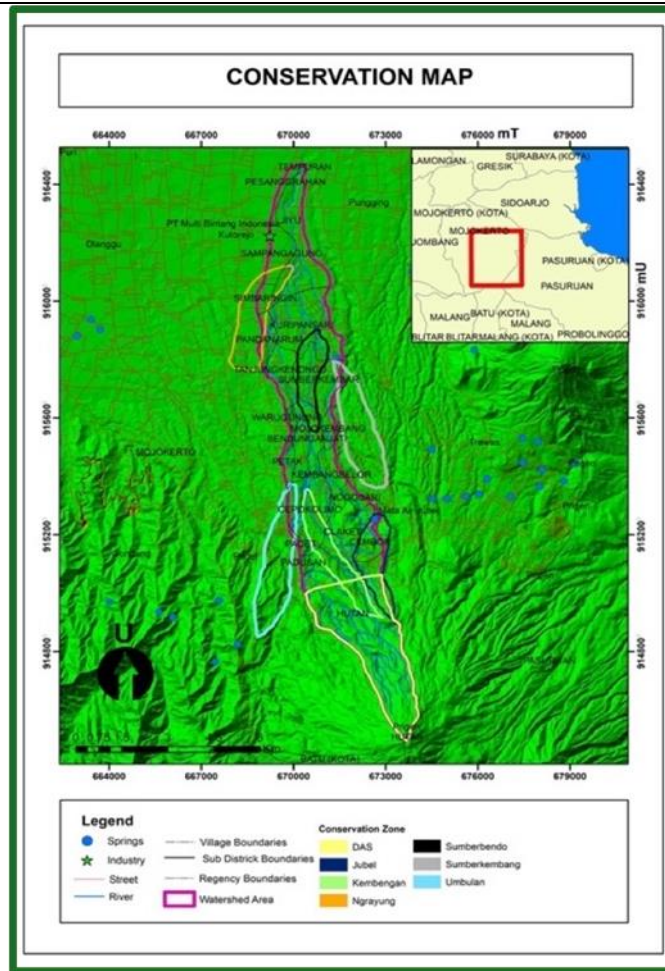
Please provide any further geo-referenced information and map where the project interventions is taking place as appropriate.



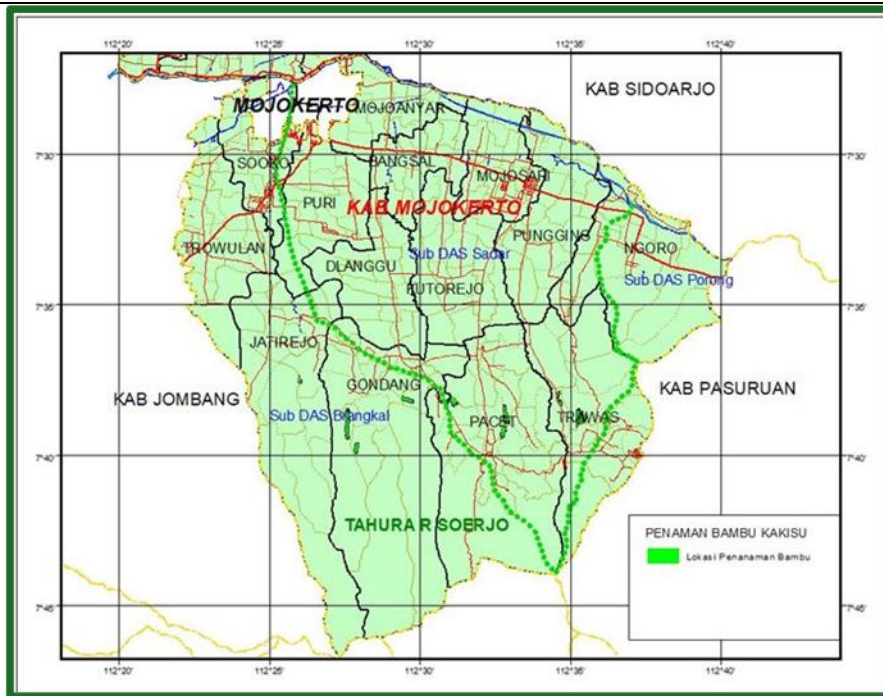
Map 1: 2020 Critical Land Area in the Brankal, Sadar and Porong Sub-Catchments of the Brantas River Basin (source: MOEF, 2021)



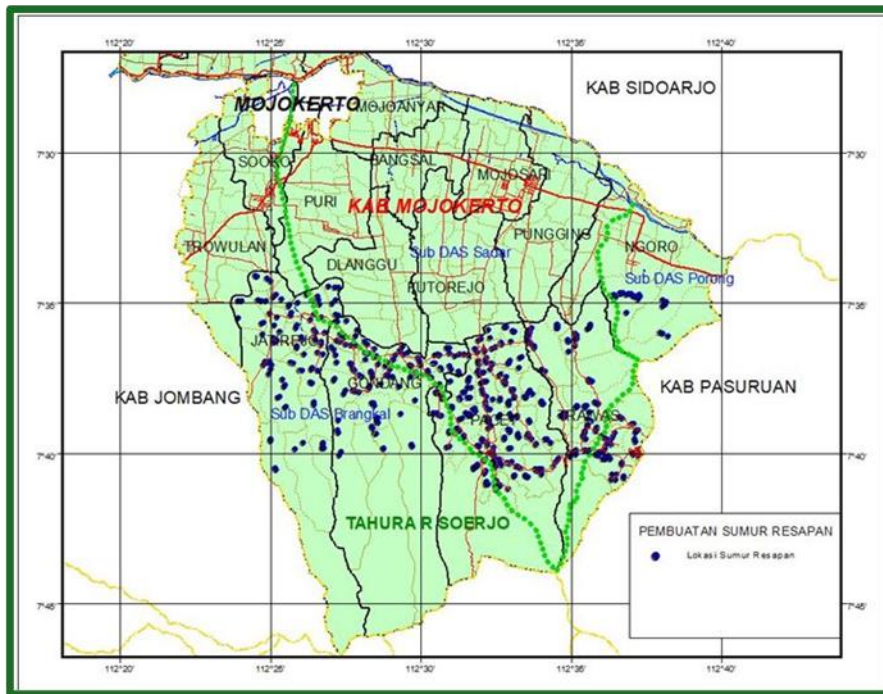
Map 9: Indicative Locations of Agroforestry Schemes in the Project Area (For GEF Incremental Funding - 251 ha Agroforestry Scheme)



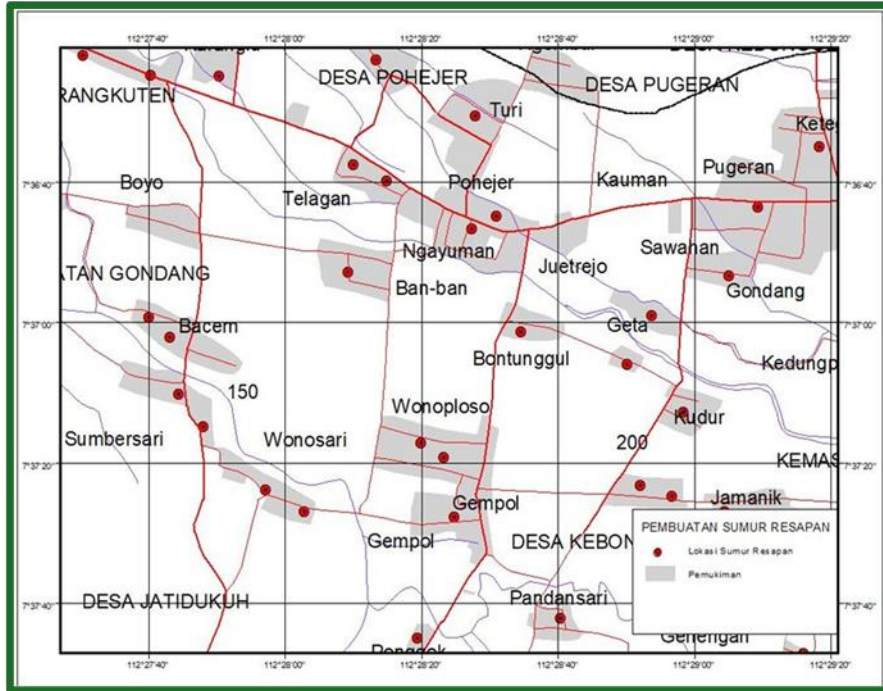
Map 10: Indicative Area for Agroforestry Schemes in the Project Area
 (For PT Multi Bintang (Aliansi Air) - 136 ha Agroforestry Scheme)



Map 11: Indicative Locations of Bamboo Plantation in the Project Area
 (For GEF Incremental Funding - 130 ha Bamboo Plantation)



Map 12: Indicative Locations of Absorption Wells in the Project Area
 (For GEF Incremental Funding - 597 Absorption Wells)



Map 13: Indicative Locations of Biopori in the Project Area
 (For GEF Incremental Funding - 8,000 Biopori in 40 Schools)

EXPLANATORY NOTE

1. **Timing & duration:** Each report covers a twelve-month period, i.e. 1 July 2022 – 30 June 2023.
2. **Responsibility:** The responsibility for preparing the report lies with the project manager in consultation with the Division Chief and Director.
3. **Evaluation:** For the report to be used effectively as a tool for annual self-evaluation, project counterparts need to be fully involved. The (main) counterpart can provide any additional information considered essential, including a simple rating of project progress.
4. **Results-based management:** The annual project/programme progress reports are required by the RBM programme component focal points to obtain information on outcomes observed.

Global Environmental Objectives (GEOs) / Development Objectives (DOs) ratings	
Highly Satisfactory (HS)	Project is expected to achieve or exceed <u>all</u> its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
Satisfactory (S)	Project is expected to <u>achieve most</u> of its <u>major</u> global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.
Moderately Satisfactory (MS)	Project is expected to <u>achieve most</u> of its major <u>relevant</u> objectives but with either significant shortcomings or modes overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environmental benefits.
Moderately Unsatisfactory (MU)	Project is expected to achieve <u>some</u> of its major global environmental objectives with major shortcomings or is expected to <u>achieve only some</u> of its major global environmental objectives.
Unsatisfactory (U)	Project is expected <u>not</u> to achieve <u>most</u> of its major global environmental objectives or to yield any satisfactory global environmental benefits.
Highly Unsatisfactory (HU)	The project has failed to achieve, and is not expected to achieve, <u>any</u> of its major global environmental objectives with no worthwhile benefits.

Implementation Progress (IP)	
Highly Satisfactory (HS)	Implementation of <u>all</u> components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
Satisfactory (S)	Implementation of <u>most</u> components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.
Moderately Satisfactory (MS)	Implementation of <u>some</u> components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.
Moderately Unsatisfactory (MU)	Implementation of <u>some</u> components is <u>not</u> in substantial compliance with the original/formally revised plan with most components requiring remedial action.
Unsatisfactory (U)	Implementation of <u>most</u> components in <u>not</u> in substantial compliance with the original/formally revised plan.
Highly Unsatisfactory (HU)	Implementation of <u>none</u> of the components is in substantial compliance with the original/formally revised plan.

Risk ratings	
Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risk of projects should be rated on the following scale:	
High Risk (H)	There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
Substantial Risk (S)	There is a probability of between 51% and 75% that assumptions may fail to hold or materialize, and/or the project may face substantial risks.
Moderate Risk (M)	There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/or the project may face only moderate risk.

Low Risk (L)

There is a probability of up to **25%** that assumptions may fail to hold or materialize, and/or the project may face only low risks.