

## Strengthened Systems for Community-based Conservation of Forests and Peatland Landscapes in Indonesia (CoPLI)

### Part I: Project Information

**GEF ID**  
10731

**Project Type**  
FSP

**Type of Trust Fund**  
GET

**CBIT/NGI**  
CBIT No  
NGI No

**Project Title**  
Strengthened Systems for Community-based Conservation of Forests and Peatland Landscapes in Indonesia (CoPLI)

**Countries**  
Indonesia

**Agency(ies)**  
IFAD

**Other Executing Partner(s)**  
Ministry of Environment and Forestry (MoEF)

**Executing Partner Type**  
Government

**GEF Focal Area**

Biodiversity

**Taxonomy**

Focal Areas, Climate Change, Climate Change Adaptation, Ecosystem-based Adaptation, Livelihoods, Climate resilience, Community-based adaptation, Climate Change Mitigation, Agriculture, Forestry, and Other Land Use, Biodiversity, Mainstreaming, Agriculture and agrobiodiversity, Forestry - Including HCVF and REDD+, Protected Areas and Landscapes, Terrestrial Protected Areas, Community Based Natural Resource Mngt, Productive Landscapes, Biomes, Tropical Rain Forests, Wetlands, Financial and Accounting, Payment for Ecosystem Services, Conservation Finance, Influencing models, Strengthen institutional capacity and decision-making, Convene multi-stakeholder alliances, Deploy innovative financial instruments, Demonstrate innovative approaches, Stakeholders, Indigenous Peoples, Local Communities, Civil Society, Community Based Organization, Non-Governmental Organization, Academia, Type of Engagement, Information Dissemination, Participation, Partnership, Consultation, Private Sector, Individuals/Entrepreneurs, Large corporations, Communications, Public Campaigns, Awareness Raising, Gender Equality, Gender results areas, Access and control over natural resources, Participation and leadership, Access to benefits and services, Capacity Development, Knowledge Generation and Exchange, Gender Mainstreaming, Beneficiaries, Sex-disaggregated indicators, Women groups, Capacity, Knowledge and Research, Innovation, Knowledge Generation, Learning, Indicators to measure change, Adaptive management, Knowledge Exchange

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 2

**Climate Change Adaptation**

Climate Change Adaptation 1

**Duration**

60 In Months

**Agency Fee(\$)**

506,298.00

**Submission Date**

4/20/2021

A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
BD-1-1	GET	2,600,000.00	11,500,000.00
BD-2-7	GET	2,729,452.00	9,500,000.00
	<b>Total Project Cost (\$)</b>	<b>5,329,452.00</b>	<b>21,000,000.00</b>

## B. Indicative Project description summary

### Project Objective

To conserve globally important biodiversity and enhance livelihoods through a strengthened institutional framework and community based conservation of peatland ecosystems.

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
1. Strengthening the institutional framework for peatland and biodiversity conservation and development of a multi-stakeholder partnership framework to provide sustainable financing.	Technical Assistance	<p>Outcome 1. Strengthened policy, regulatory and financial frameworks for peatland and biodiversity conservation at national level and targeted provinces of Indonesia.</p> <p><i>At least 25% increase in financing for conservation and community development generated through new financial instruments introduced in the targeted landscapes</i></p>	<p>Output 1.1. Strengthened peatland conservation institutional capacity, processes and mainstreamed biodiversity conservation.</p> <p><i>At least 5 new/updated guidelines or sub-regulations developed and applied to integrate biodiversity outcomes in specific peatland regulatory frameworks</i></p> <p>Output 1.2. Assessment and monitoring of peatland landscapes in targeted provinces and identification of priority landscapes for conservation.</p> <p><i>162,000 hectares of peatland rehabilitated following mapping, planning and implementation of natural revegetation and use of native species and 200,000 hectares of new peatland areas to be conserved identified (target number of hectares to be defined at PPG stage)</i></p> <p>Output 1.3. Integrating peatland and biodiversity conservation into land use planning and production landscapes in targeted provinces of Indonesia.</p>	GET	1,500,000.00	9,000,000.00

*At least 1 provincial Plans for Protection and Management of Peatland Ecosystems (RPPEG) developed for West Kalimantan integrating biodiversity conservation aspects*

Output 1.4. Multi-stakeholder Partnership and Investment Framework for mobilizing finance for conservation of forests, peatlands and biodiversity

*At least 2 key investment action plans (one at national and one at provincial level) prepared, implemented and monitored for effectiveness.*

2. Community-based management and conservation of peatland systems in targeted landscapes	Investment	<p>Outcome 2. Diversified community livelihoods and expanded conservation of forest and peatlands in targeted landscapes</p> <p><i>At least 15% average increase in income for 75% of participating households resulting from implementation of livelihood models developed (baseline figures will be validated during PPG).</i></p> <p><i>At least 20,000 smallholders directly benefitting from</i></p>	<p>Output 2.1. Community-based and sustainable diversified livelihood models developed to support conservation of forest, peatlands and biodiversity in targeted landscapes</p> <p><i>At least 5 new biodiversity-friendly community-based livelihood models developed and pilot tested through multi-stakeholder partnerships.</i></p> <p>Output 2.2. Empowerment and capacity building of communities to conserve forest and peatland biodiversity in targeted landscapes.</p> <p><i>At least 800,000 hectares (excluding conservation areas) of production forests, convertible forests, protection forests, and inter-connecting habitats within biological clusters under improved sustainable management in target landscapes</i></p>	GET	3,075,669.00	7,000,000.00
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*improved capacity on biodiversity-friendly on-farm and off-farm livelihoods through training/ demonstration plots (with at least 40% women beneficiaries; and at least 25% beneficiaries are Covid19 affected/vulnerable populations).*

*Population densities of key species in target landscapes remain stable or increased from baseline values (Gunung Palung NP, Danau Sentarum NP) (baseline to be refined at PPG stage)*

Output 2.3. Enhanced management of peatlands in targeted conservation areas and buffer zones and production landscapes.

*Management effectiveness of 2 protected areas improved, covering 235,000 hectares (Gunung Palung NP, Danau Sentarum NP) (baseline to be refined at PPG stage)*

Output 2.4. Community-based conservation of forest and peatlands scaled-up to other provinces and landscapes

*At least 5 new biodiversity-friendly community-based livelihood scaled-up to other provinces and landscapes*

*At least 500,000 hectares (excluding conservation areas) of production forests, convertible forests, protection forests, and inter-connecting habitats within biological clusters under improved sustainable management in other provinces and landscapes (to be refined at design stage)*

3. Knowledge exchange for forest and peatland conservation and management	Investment	Outcome 3. Enhanced multi-stakeholder partnership for knowledge exchange and monitoring and evaluation for forest and peatland conservation and management	Output 3.1. Enhanced knowledge on community-based forest and peatland biodiversity conservation and strengthened knowledge exchange within Indonesia and beyond.  <i>- At least 5 targeted gender sensitive media products(e.g. tutorial videos, printed products in local language) disseminated and knowledge shared through community-level awareness raising events;</i>	GET	500,000.00	4,000,000.00
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*Awareness of stakeholders (communities, local, provincial and national authorities, private sector) raised on, and capacities strengthened to practice conservation and sustainable use of biodiversity in peatland ecosystems.*

*Level of awareness of communities on peatland and forest biodiversity conservation increased in the target landscapes (at least 60% of samples population aware of conservation threats, and biodiversity-friendly interventions, good conservation practices, etc. in the landscapes, 40% women)*

*- Best practices for biodiversity conservation and sustainable use of peatland landscapes codified and disseminated at local, provincial and national levels and through the ASEAN Programme on Sustainable Management of Peatland Ecosystems*

*- Indonesia and beyond (at least 5 strategic knowledge products and knowledge sharing events disseminated/held and 1 online portal created and functional showcasing knowledge generated by the project, monitoring status, progress reports, conservation areas identified,*

Output 3.2. Functioning monitoring and evaluation system for peatland conservation management.

*At least 5 number of scientific partnership established for baseline and continued monitoring of status of key species that is used for conservation through: (1) assessment of annual changes in species population and distribution; (2) decision-making on measures for threat management; and (3) assessment of reduction in frequency and extent of fires, encroachment, poaching and other detrimental activities through enhanced community surveillance and monitoring (indicators and targets to be defined at PPG stage)*

*Information System for Protection and Management of Peatland Ecosystem (i.e. SIPPEG) incorporates PHU*

*characteristics including parameters  
on biodiversity characteristics.*

	<b>Sub Total (\$)</b>	<b>5,075,669.00</b>	<b>20,000,000.00</b>
<b>Project Management Cost (PMC)</b>			
	GET	253,783.00	1,000,000.00
	<b>Sub Total(\$)</b>	<b>253,783.00</b>	<b>1,000,000.00</b>
	<b>Total Project Cost(\$)</b>	<b>5,329,452.00</b>	<b>21,000,000.00</b>

**C. Indicative sources of Co-financing for the Project by name and by type**

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
GEF Agency	IFAD	Grant	Investment mobilized	250,000.00
GEF Agency	IFAD	Loans	Investment mobilized	5,250,000.00
Recipient Country Government	Central Government	In-kind	Recurrent expenditures	3,000,000.00
Recipient Country Government	Central Government	Public Investment	Investment mobilized	7,000,000.00
Recipient Country Government	Provincial and District Government	In-kind	Recurrent expenditures	1,500,000.00
Private Sector	Plantation companies	In-kind	Investment mobilized	3,000,000.00
Other	CSO, Research Institute	In-kind	Investment mobilized	1,000,000.00
			<b>Total Project Cost(\$)</b>	<b>21,000,000.00</b>

**Describe how any "Investment Mobilized" was identified**

1- IFAD co-financing refers to: (i) USD 250,000 from the IFAD grant Measurable Action on Haze Free Sustainable Land Management in Southeast Asia (MAHFSA) project (2019-2024), and (ii) USD 5,250,000 from the Integrated Village Economic Transformation Project - Transformasi Ekonomi Kampung Terpadu (TEKAD) project in Indonesia, estimated to be launched in 2021. 2-Total Co-financing: The project will aim to support the mobilization of further resources through leveraging investments and synergies at the national level which will feed into the regional ASEAN 10-year investment framework estimated at USD 1.5 billion to be established and operationalized through the IFAD-ASEAN grant Measurable Action on Haze Free Sustainable Land Management in Southeast Asia (MAHFSA, 2019 - 20234) anchored in country and regional level activities focusing on haze elimination and sustainable peatland management.

D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
IFAD	GET	Indonesia	Biodiversity	BD STAR Allocation	5,329,452	506,298	5,835,750.00
<b>Total GEF Resources(\$)</b>					<b>5,329,452.00</b>	<b>506,298.00</b>	<b>5,835,750.00</b>

E. Project Preparation Grant (PPG)

PPG Required **true**

PPG Amount (\$)

150,000

PPG Agency Fee (\$)

14,250

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)	
IFAD	GET	Indonesia	Biodiversity	BD STAR Allocation	150,000	14,250	<b>164,250.00</b>	
					<b>Total Project Costs(\$)</b>	<b>150,000.00</b>	<b>14,250.00</b>	<b>164,250.00</b>

## Core Indicators

Indicator 1 Terrestrial protected areas created or under improved management for conservation and sustainable use

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
235,000.00	0.00	0.00	0.00

Indicator 1.1 Terrestrial Protected Areas Newly created

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
						

Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
235,000.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
			235,000.00						

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
800000.00	0.00	0.00	0.00

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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800,000.00

**Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Type/Name of Third Party Certification

**Indicator 4.3 Area of landscapes under sustainable land management in production systems**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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**Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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**Documents (Please upload document(s) that justifies the HC VF)**

<b>Title</b>	<b>Submitted</b>
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**Indicator 6 Greenhouse Gas Emissions Mitigated**

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)	2902000	0	0	0
Expected metric tons of CO <sub>2</sub> e (indirect)	0	0	0	0

**Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector**

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)	2,902,000			
Expected metric tons of CO <sub>2</sub> e (indirect)				

Anticipated start year of accounting
Duration of accounting

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
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Expected metric tons of CO <sub>2</sub> e (direct)
Expected metric tons of CO <sub>2</sub> e (indirect)
Anticipated start year of accounting
Duration of accounting

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
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Target Energy Saved (MJ)
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Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
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Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	8,000			
Male	12,000			
<b>Total</b>	20000	0	0	0

## Part II. Project Justification

### 1a. Project Description

#### 1.a. PROJECT DESCRIPTION

##### i) Global Environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)

Indonesia is one of the seventeen (17) mega diverse countries, with two (2) of the world's twenty-five (25) biodiversity hotspots. The countries' forests and peatland ecosystems are rich in biodiversity, containing many endemic, rare and endangered species. They provide unique ecosystem services and are a source of livelihood to rural populations. Among global peatland systems, tropical peatlands are the most biodiverse. Indonesia has approximately 20 million hectares (ha) of peatlands with the largest areas being in Sumatra, Kalimantan and Papua. The country's tropical peat swamp forests feature some of the highest freshwater biodiversity of any habitat in the world. Biodiversity of global significance is also found in the adjacent forests that include species which are considered to be rare or endangered, such as the largest remaining populations of orangutan (*Pongo pygmaeus*), tiger (*Panthera tigris sumatrensis*), Sun Bear (*Helarctos malayanus*), False Gharial, (*Tomistoma schlegelii*) and Storms Stork (*Ciconia stormii*), and flora species such as *Dipterocarpus cinereus* recently rediscovered in North Sumatra although earlier declared extinct by IUCN.

These ecosystems also represent an important source of goods and services that benefit both local and international communities, including flood and fire prevention, carbon sequestration and storage, provision of timber and non-timber forest products (NTFP), and cultural and spiritual wellbeing.

Indonesia's forests and peatlands contribute significantly to the livelihoods of a substantial number of people, especially the poor communities that live in and around these areas. Local communities derive many benefits from peatland ecosystems including water supply, food, timber, and non-timber forest products. Plants that have economic value harvested from peat swamp forests include sago (*Metroxylon sagu*), agarwood (*Aquilaria sp*), gambier (*Endriandra vulva*), and gelam (*Melaleuca leucadendron*). Many animals, especially fish, pigs (*Sus scrofa*), deer (*Cervus timorensis*), Casowary (*Casuarium spp*), Maleo (*Talegalla jobiensis*) are also found in peat swamp forests. These plants, together with many of the peat lands fish, birds and mammals, become a source of life for local people.

Despite the local and global importance of these ecosystems, they face a growing number of threats including logging, agricultural conversion by smallholder farmers and large private sector plantations, fires and drainage of peatlands. Moreover, these threats and the associated adverse effects are not limited solely to the country's peatland ecosystems and associated biodiversity. Devastating fires have become increasingly common over the last thirty (30) years, burning large areas of peatland and shrouding Southeast Asia in toxic haze. Regions with large areas of peatland fires such as the islands of Sumatra and Kalimantan have been particularly affected where approximately 13 million hectares of biodiversity-rich peatland forests have been degraded in the last few decades alone. Evidence shows that the 2015 fire event in Sumatra and Kalimantan, had substantial negative impacts on the country's biodiversity. In addition to the obvious associated loss of habitat and fragmentation, evidence suggests the toxic haze has negative impacts on both animals and tree habitat and may also contribute to reduced pH in already acidic peatland rivers, resulting in decreased fish populations. In addition to causing large-scale forest, peatland and

aquatic degradation, the 2015 event demonstrated that these fires also represent a growing contributory source to climate change (CC) releasing 857 Mt of CO<sub>2</sub> (which represented 97% of Indonesia's greenhouse gas (GHG) emissions), causing an estimated 100,000 premature deaths, respiratory diseases and over \$16.2 billion in economic losses.

Indonesia's climate change profile<sup>3</sup> projects the occurrence of more frequent droughts, heat waves and floods in the future which will pose an increasing threat to the country's development and environment (see Annex 7). In addition to the increased risk of wildfires described above, other significant CC-related hazards in the proposed project area include soil dryness and flooding (see Annex 9). Sea level rise also poses a potential concern as salinity levels increase in agricultural lands rendering soils infertile for crop production. These hazards are likely to affect the project's target groups that are heavily dependent on natural resources within the peatland areas as a source of their livelihoods. Food security and water availability will be heavily affected by temperature increase, shorter growing seasons, unpredictable rainfall, and salt-water intrusion. Target communities of smallholders in the project area depend almost exclusively on oil palm, which is rainfed. However, recent modelling<sup>4</sup> predict that climate change impacts on the suitability of Kalimantan for the production of oil palm, may not be felt until very late in the 21<sup>st</sup> century.

Unfortunately, the challenge on the ground is intensifying with more forest and peatlands being converted for small and large-scale plantations, especially in western Indonesia. This phenomenon is being propelled by the following underlying key drivers: (i) increasing global demand for palm oil<sup>5</sup>, pulp and paper, timber, facilitated by perverse incentives for land clearance, acquisition and expulsion of local communities for establishment of large-scale plantations; (ii) population increase, poverty pockets and marginalisation contributing to land conversion for smallholder farming notably oil palm production; (iii) infrastructure development; and (iv) mining.

The accumulative impact from these activities, exacerbated by the impacts of climate change, have resulted in the transformation of much of the country's peat swamp forest into degraded and fragmented landscapes contributing to peatland ecosystem decline, loss of biodiversity and globally significant volumes of carbon emissions. Conservation of Indonesia's remaining pristine forests and peatlands is fundamental to the preservation of the country's globally important and diverse biodiversity and climate change mitigation. There is growing recognition of their importance resulting in concrete measures to protect and manage these critically important ecosystems. These include: (i) the introduction of a permanent moratorium on the conversion of designated primary forests and peatlands for agriculture and plantations (2020); (ii) the development of Plan for Protection and Management of Peatland Ecosystem (RPPEG) at the national, provincial and district/municipality levels (2020); (iii) the signing of the Brazzaville Declaration (2018) (see section I.ii below for more detail); and (iv) the nation-wide effort directed at the spatial mapping of the country's peatland systems using the Peatland Hydrological Unit (PHU) as the basic bounded area for mapping (2017). These are described in further detail below (a more comprehensive list of relevant government regulations has been provided in Annex 1). Despite these achievements, much more needs to be done and a concerted effort is required to ensure the conservation of these globally important ecosystems.

The main barriers towards achieving peatland and forest conservation efforts in Indonesia include:

- *Ineffective implementation of existing laws* to prevent deforestation and peatland degradation in the region. Problems of law enforcement are further amplified by weak technical capacity of individuals and institutions to execute regulations and manage protected areas, as well as by a lack of understanding of the issues and contexts to achieve their conservation objectives. In addition, many peatland users have limited awareness of regulations and alternatives for peatland best practices;
- *Lack of clear integration of biodiversity conservation aspects in existing regulatory frameworks and action plans*; The new Long-term RPPEG, which serves as the national action plan on peatlands, was adopted last year for the period 2020-2049. Medium and/or short term plans are needed to be developed by provincial/local governments to ensure the appropriate mainstreaming of biodiversity and conservation aspects;

- *Difficulty in identifying appropriate conservation targets, (minimum) intervention levels needed to meet these targets and lack of standards and capacity/ability to reliably measure effectiveness and impacts of protection efforts.* There are still major gaps in the scientific communities' knowledge and uncertainties regarding the impacts of different anthropogenic disturbances on forests and peatlands, and particularly regarding the effectiveness of different conservation interventions. Two related factors underlying this are a lack of widely accepted standards and local capacity/ability to measure many of the impacts of such initiatives;
- *Lack of coordination, financing and investment in conservation efforts.* The weak coordination of conservation efforts coupled with the lack of funds invested towards conservation efforts have been a major barrier to advancing this agenda;
  - *Challenges in accessing sustainable markets for alternative livelihoods.* Greater market access is needed to ensure that biodiversity-friendly alternative livelihoods are both profitable and sustainable. Although a wide variety of non-timber forest products (NTFPs) have been identified as potentially suitable in tropical peatlands, the area under paludiculture development in Indonesia is characterized by knowledge gaps, uncertain market conditions and unsupportive regulatory environments; and
  - *Insufficient awareness or capacity of local communities for applying and adopting alternative fire-free and biodiversity-friendly livelihoods which are profitable.* Approximately 40% of the producers in rural areas in Indonesia are smallholders (35% in West Kalimantan). Transitioning towards fire-free and biodiversity friendly livelihoods requires behavioural change which needs to be supported by evidence of the success of the alternatives, and that income security is maintained or increased.

Section 1.a.iii) on alternative scenario will show how the proposed project aims to address these barriers.

West Kalimantan (WK) is one of Indonesia's three provinces that is characterized by the largest expanse of peatland and associated forest ecosystems in the country. These lowland ecosystems are comprised of mangrove, freshwater swamp, peat swamp, dryland dipterocarp and heath forests. While much of the area has been exploited for timber and converted into oil palm plantation, West Kalimantan supports several national parks (NP) created to protect biodiversity of global importance, several of which include relatively intact peatland areas. Two of these National Parks include the Gunung Palung National Park (GPNP) and the Danau Sentarum National Park (DSNP), which form the proposed target landscapes for the project's interventions (these are described in more detail in sections 1.a.iii) and 1b) below and Annex 2). The exact target locations in and adjacent to the two Protected Areas will be identified during the project design, during which a detailed technical and stakeholder assessment will be undertaken to select the targeted landscapes. Priority will be given to biodiversity hotspots in peatlands areas.

## ii) **Baseline scenario and any associated baseline projects**

Recognising the importance and the associated problems faced by these ecosystems of global significance, Indonesia has demonstrated a growing commitment to their protection and sustainable development in recent years. Preventive measures have included incentives for agricultural stakeholders to clear land using alternative means instead of burning, disincentives such as fines, awareness programmes targeting local communities, new regulations on management of peatland ecosystems and establishment of certification mechanisms in line with the Indonesian Sustainable Palm Oil (ISPO)/Roundtable on Sustainable Palm oil (RSPO) standards.

As mentioned above, of particular note is the adoption of the peatland hydrological unit (PHU) as the basic organizing framework to map peatlands and adjacent forests including their zonation into conservation and utilization zones; an initiative that was completed for the whole of Indonesia in 2017. The PHUs are particularly important also as a planning frameworks since RPPEG governs the landscape management within the Units (see below).

In March 2018, Indonesia signed the Brazzaville Declaration<sup>6</sup> which: (i) promotes better management and conservation of these globally important biodiversity-rich ecosystems, (ii) aims to implement coordination and cooperation between different government sectors to protect the benefits provided by peatland ecosystems and (iii) forms the beginning of a deep collaboration between Indonesia – covered by vast expanses of peatlands – and the Congo Basin – where large areas of pristine peatlands were recently discovered. This also resulted in the launching of the International Tropical Peatland Centre (ITPC) in Jakarta in late 2019<sup>7</sup>.

A third major achievement occurred through promoting the mainstreaming of peatland and biodiversity conservation into land use planning frameworks in Indonesia. This was achieved through the development of Protection and Management of Peatland Ecosystem Plans (RPPEG), at the national, provincial and district/municipality levels. The RPPEG is a planning document which will be integrated into National/Provincial/District Medium-Term Development and National/Provincial/District Spatial Plans including in land use planning.

At the provincial and district levels, the development of RPPEG will be led by the local government institutions in particular the Provincial Environmental Service (*Dinas Lingkungan Hidup Provinsi*). The development of these sub-national plans will involve all local level institutions, including Provincial Planning Agency (BAPPEDA), Forestry Service, Agriculture Service, and other related services that fall into the PHU.

However, to date the focus of most of these efforts has been primarily on sustainable peatland management and restoration. In light of the importance of the peatlands' ecosystem and biodiversity, threats and barriers as described above, much more needs to be done to promote biodiversity conservation in the remaining undisturbed peatland areas by mainstreaming biodiversity conservation into the existing regulatory framework.

In addition to strengthening of the existing regulatory framework, there is also much to be done on the ground with local communities. Seventy-five percent of peatland area in Indonesia is found in the country's community areas (non-concession areas)<sup>8</sup>. However, these communities are not well equipped to manage and protect peatlands and forests due to lack of empowerment, capacity, knowledge and limited support from related stakeholders. Moreover, the recent push for conservation of peat forest is placing an increased burden on local villages to sustain their livelihoods and cultural practices in the short term. It is therefore important not only to assess the environmental benefits from peat forest conservation and restoration, but to also provide local communities with sustainable peatland-based economic activities.

Moving towards strengthened systems for community-based conservation of pristine forests and peatlands requires a transformational change at both the institutional and community levels in close coordination with other key stakeholders in particular the private sector given the significant presence of palm oil concessions in the peatland landscapes. Community-based conservation promotes the idea that long-term conservation success requires engaging with and providing benefits for local communities. This will require coordination among and engagement of multiple stakeholders from the local levels within the landscapes to the provincial and national levels, including community, private sector plantation companies, NGOs, CSOs, research institutions, etc. (see section 2 on stakeholders for further details).

There exist a number of projects supporting activities that contribute to baseline conditions. The GEF7 Project will link to the Integrated Village Economic Transformation Project (*Transformasi Ekonomi Kampung Terpadu/TEKAD*) to be financed by an IFAD loan and grant (US\$113 Million), with other contributions that amount to a total of US\$ 700 million over a six-year implementation period (2021-2027). The TEKAD Project aims at empowering village communities so they can contribute to rural transformation and inclusive growth in Indonesia. The programme development objective is to enable rural households to develop sustainable livelihoods, taking advantage of strengthened village and district level governance. TEKAD will operate in twenty-five districts in Eastern Indonesia. In these districts, TEKAD will target 1,720 villages and around 412,300 households, benefiting approximately 1,855,350 people. The targeted districts include a number of existing and potential protected areas including Gunung Sibela and Pulau Obi in Halmahera and Manusela National Park in Seram).

The GEF increment will ensure that the sustainable livelihood development and diversification that will be undertaken through TEKAD in Eastern Indonesia, especially on and adjacent to peatland areas, will incorporate biodiversity considerations into planning at village level when it comes to the type of: (i) livelihoods selected; (ii) sustainable agri-business models developed; (iii) modalities of community engagement; and (iv) capacity building activities adopted - all of which ultimately supporting conservation of peatland biodiversity. The TEKAD Project will also provide a means for the GEF7 Project to replicate and scale-up project activities, as well as transfer of knowledge and lessons learned under component 2 related to the sustainable livelihood development, to other districts and Provinces.

The two projects will work closely together in a complementary manner to ensure synergy and avoid duplication (see section 6 below and Annex 5 for more detail on TEKAD and the complementarities between the two projects).

In addition to the TEKAD Project, there are a number of on-going and planned activities that comprise part of baseline. These can be grouped by those that (i) directly support peatland management and conservation (e.g., MAHFSA<sup>[1]</sup>), (ii) species conservation (e.g., Village Forest Initiative), (iii) sustainable landscape development and production (Global Environment Centre) and (iv) food systems, land use and restoration impact program (FOLUR-IP). See sections iii, v and 6 (Table 6) for more detail on the baseline and expected contributions to the Project.

### iii) Proposed alternative scenario with a brief description of expected outcomes and components of the project

**Theory of Change (TOC):** The core proposition of the Theory of Change for this Project holds that by putting in place systems for integrating biodiversity in peatland and forest policy, regulatory and financial frameworks, conservation of globally significant threatened species and enhancement of rural community livelihoods will be achieved. Currently, agricultural-driven forest and peatland ecosystems degradation and habitat fragmentation, resulting in significant biodiversity loss in forest and peatland landscapes, are the consequences of a set of barriers that result in management deficiencies. These barriers include the lack of clear integration of biodiversity conservation in existing regulatory frameworks and action plans, ineffective implementation and enforcement of sustainable peatland management laws, lack of coordination among agencies/Directorates with overlapping mandates relating to natural resource management, lack of financing in conservation efforts, and insufficient awareness or capacity of local communities to adopt fire-free, biodiversity-friendly and profitable livelihoods. These barriers are further compounded by underlying drivers such as poverty, population growth, economic development pressure, insufficient valuation of ecosystem services, and climate change.

To change this situation, the Project will invest directly in addressing these barriers by strengthening sustainable management and planning of multiple-use landscapes, piloting and scaling-up of diversified biodiversity-friendly community livelihood models, and testing financing instruments. This will also be enabled by the strengthening capacity of local communities and institutions with the relevant mandates for peatland and forest biodiversity conservation at national, provincial and local levels contributing to the development and implementation of the provincial RPPEG.

To address the barriers on inadequate data and information to inform and monitor the management and planning of these landscapes, the Project will support the compilation of a robust data and information base needed to inform planning and management, which will also provide the basis for an awareness and education campaign to ensure that government agencies and local communities understand and therefore protect and sustainably use the ecosystem services. Thus, the Theory of Change posits that investment in strengthened management arrangements, improved data and information, education and awareness, and sustainable economic alternatives will result in conservation of peatland and forest landscapes and improved income and food security for communities, effectively addressing the drivers that are currently driving habitat degradation and biodiversity loss.

The project proposes an alternative scenario in which community participatory approaches together with strengthened regulatory framework are used to address the challenges of unsustainable forest and peatland management practices that are contributing to habitat degradation and biodiversity loss in targeted project areas. Peatland and biodiversity conservation is integrated into multiple use landscapes, including protected areas, conservation areas, production forests, private sector plantations and community lands. The multi-stakeholder investment framework enables mobilization of sustainable financing for biodiversity conservation, and community-based conservation through community engagement in diversified livelihoods generates incentives for conservation of globally biodiversity importance. Through these approaches, peatland landscapes are sustainably managed, ecosystem services are maintained, critical population of high-value species are more effectively managed, threats to habitat are reduced and local affected communities are incentivized to protect forests and peatlands through increased flow of income from diversified and biodiversity-friendly livelihoods.

### **Project Objective:**

To conserve globally important biodiversity and enhance livelihoods through a strengthened institutional framework and community based conservation of peatland ecosystems.

**Component 1:** Strengthening the institutional framework for peatland and biodiversity conservation and development of a multi-stakeholder partnership framework to provide underlying sustainable financing.

*Outcome 1.1:* Strengthened policy, regulatory and financial frameworks for peatland and biodiversity conservation at national level and targeted provinces of Indonesia.

Under this component, the Project will strengthen the institutional framework for peatland and biodiversity conservation at national level and targeted provinces. These include related policy, regulatory and financial frameworks. It will integrate peatland and biodiversity conservation into relevant planning documents (e.g. the RPPEG) at the provincial level and support the assessment and monitoring of peatland landscapes in order to identify priority landscapes for conservation. It will build the institutional capacity through provision of training and capacity building activities to relevant stakeholders contributing to the development and implementation of RPPEG. It will also facilitate the development of a multi-stakeholder investment framework for mobilizing finance to ensure sustainable efforts in forest and peatland biodiversity conservation. Additionally, the Project will ensure gender-balanced participation in policy-making processes so that needs and perspectives of women and men are adequately addressed.

*1.1.1 Strengthened peatland conservation institutional capacity and processes and biodiversity aspects mainstreamed.* Under this Output, the Project will support the strengthening of the legal and regulatory framework at the national, provincial and local levels, focusing on mainstreaming of biodiversity considerations into their respective RPPEG. There is also a need to promote the development of short and medium term plans as the national plan covers a 30 year time-frame (2020- 2049). This Output would also support the development of regulations to existing laws and the integration of biodiversity outcomes in specific peatland regulatory frameworks. Capacity building activities will target institutions involved in the development and implementation of the RPPEG. These include BAPPEDA, Services or Dinas (Environment, Forestry, Agriculture), and local communities. This will also target PA administrators in the two national parks selected for the project West Kalimantan. Capacity building activities will cover RPPEG implementation for peatland conservation and will involve local communities and relevant stakeholders at the local level.

*1.1.2. Assessment and monitoring of peatland landscapes in targeted provinces and identification of priority landscapes for conservation.* Interventions in support of this Output include assessments to identify biodiversity hotspots and priority peatlands for conservation including in lands allocated for private sector plantations, which will form the basis for effective spatial planning processes based on the Peatland Hydrological Units (PHU) for which the country is being mapped since 2017. The Project will also support and enhance the work of MOEF to oversee and actively monitor the impact and management of peatlands and promote the integration of peatland conservation measures into the land use planning frameworks of private sector plantation companies, as

well as enhance management of peatlands in targeted production landscapes, as appropriate, through working with private sector land managers such as plantations or tourism operators. Following mapping, planning and selection, specific peatlands will be rehabilitated with native vegetative species and new peatland areas identified and recommended for conservation.

*1.1.3. Integrating peatland and biodiversity conservation into land use planning and production landscapes in targeted provinces in Indonesia.* West Kalimantan, one of Indonesia's most important provinces in terms of area and biodiversity in peatlands has yet to prepare its Provincial Plan for Protection and Management of Peatland Ecosystems (RPPEG). This provides a unique opportunity under this Output to support the development of a RPPEG that incorporates biodiversity considerations using PHU framework that can be disseminated as a best practice for replication in other provinces.

*1.1.4. Multi-stakeholder Partnerships and Investment Framework for mobilizing finance for conservation of forests, peatlands and biodiversity.* Reflecting the approach of the soon to be established regional 10 year investment framework aimed to provide a sustainable flow of resources for sustainable peatland management and fire prevention under the IFAD-MAHFSA programme, this Output would reflect the establishment of a national/provincial investment framework. Investment plans will be developed and implemented and generating financial resources targeting conservation and community development activities in the targeted landscapes.

**Component 2.** Community-based management and conservation of peatland systems in targeted landscapes.

*Outcome 2.1:* Diversified community livelihoods and expanded conservation of forest and peatlands in targeted landscapes.

Component 2 will promote community-based conservation and management of peatland in targeted landscapes. It will facilitate the targeted communities to engage in sustainable biodiversity-friendly diversified models, as well as empower and build their capacity in conserving forests and peatland biodiversity, thereby reducing risks of unsustainable agriculture practices and expansion leading to habitat degradation and biodiversity loss. The Project will deliver training packages on sustainable diversified models in peatlands, and facilitate the development of Community Work Plans (CWP). The selected CWPs supporting forest and peatland biodiversity conservation will be piloted under the Project. The Project will work closely with private sector (plantation companies, concession holders) in enhancing peatland management practices within targeted conservation areas, buffer zones and production landscapes. Finally, it will also coordinate closely with TEKAD Project to promote scaling up of community-based forest and peatlands conservation to other provinces and landscapes through TEKAD activities.

A key consideration in the selection, design and support of diversified community livelihoods will be to identify opportunities promoting increased resilience in the production systems to the effects of the COVID-19 pandemic. The pandemic has been shown to impact food production in Indonesia due to the decrease in purchasing power and food supply chains not being able to run normally. Emergency strategies such as controlling food price, providing subsidies for farmers and long term strategies such as making the food supply chain more effective and increasing food diversification are required. Under this component the Project will aim to support the latter, in line with Indonesia's recovery activities post-COVID.

*2.1.1 Community-based and sustainable diversified livelihood models developed to support conservation of forest, peatlands and biodiversity in targeted landscapes.* Under this Output, the Project will build on the experiences and lessons-learned in the development of agri-business models in GEF5 peatlands project and work with communities in the development of new, biodiversity-friendly community-based livelihood models. These would be informed through the conduct of community assessments and the development of Village Development Plans leading to the identification of specific activities suitable for pilot

testing through multi-stakeholder partnerships. It is anticipated that successful implementation of these plans would result in an increase in the income of participating households resulting in reduction of adverse impacts on the core and buffer areas of the two national parks in West Kalimantan that will also incentivise communities in protecting biodiversity in adjusted national parks.

*2.2.2 Empowerment and capacity building of communities to conserve forest and peatland biodiversity in targeted landscapes.* The majority of Indonesia's peatlands are communal lands. The objective of this Output is to increase capacity and empower local village communities located within the proximity to the two NPs to enable them to participate in biodiversity-friendly on-farm and off-farm livelihoods generating activities through training and demonstration plots.

*2.2.3. Enhanced management of peatlands in targeted conservation areas and buffer zones and production landscapes.* This Output would focus on two of Kalimantan's most important national parks. These are Danau Sentarum National Park (DSNP) and Gunung Palung National Park (GPNP). The DSNP is the largest wetland conservation area in Indonesia covering 127 thousand hectares, which is located in the floodplain of the upper Kapuas River in West Kalimantan Province and adjacent landscape. The Park consists of a series of interconnected seasonal lakes, interspersed with swamp forest, inland ombrogenous peat swamp forest, and dry lowland forest on isolated hills. The GPNP and adjacent peatlands is comprised of a diverse flora representing nearly every type of vegetation in Borneo, including beach and mangrove forests, peat and freshwater swamp forests and is the only national park in Indonesian Borneo with relatively intact endangered lowland dipterocarp forests; forests that represent one of the most important areas left of orangutan habitat in the world. Under this Output, activities would be supported to improve management effectiveness in these 2 National Parks and in addition, bring at least 800,000 hectares of production forests, convertible forests, protection forests, and inter-connecting habitats within biological clusters under improved sustainable management in target landscapes.

*2.2.4 Community-based conservation of forest and peatlands scaled-up to other provinces and landscapes.* Under this Output, the Project target areas in Kalimantan will serve as pilots for adopting biodiversity conservation mainstreaming within the livelihood development activities. The results from these activities will be replicated and scaled-up potentially in seven large districts in Eastern Indonesia which each have significant lowland or upland peatlands within them through the IFAD TEKAD project. This will also be supported by transfer of knowledge and lessons learned under component 3 related to the sustainable livelihood development, to other districts and Provinces, in addition to the GEF7 project areas, drawing mainly on TEKAD resources and other potential co-funding. The GEF7 project will closely link to the ongoing TEKAD project improving the abilities of village governments and communities to promote and implement inclusive and sustainable village economic development, supporting community-based natural resource management, biodiversity conservation and livelihood enhancement. It is expected that this upscaling will result in significant areas of production forests put under improved sustainable management in other provinces.

**Component 3.** Knowledge exchange for forest and peatland conservation and management.

*Outcome 3.1:* Enhanced knowledge exchange and monitoring and evaluation for forest and peatland conservation and management.

Under Component 3, the Project will promote knowledge exchange for forest and peatland conservation and management. At the local or community level, the Project will facilitate workshops and awareness raising activities engaging local communities and the public to share knowledge on forest and peatland biodiversity conservation practices. It will also develop knowledge products (in local language) to boost adoption of sustainable agriculture and biodiversity conservation practices in forest and peatland areas. In order to communicate best practices and lessons learned from the project to wider audiences, the project will also facilitate knowledge exchange activities at the national level and beyond for wider adoption of such practices and lessons.

*3.1.1. Enhanced knowledge on community-based forest and peatland biodiversity conservation and strengthened knowledge exchange within Indonesia and beyond.* Under this Output the Project would support the establishment of a Management Information System (MIS) in the form of website or information portal in the first year of project implementation that would be closely linked with a functioning M&E system (see below). It would also: (i) develop and implement a KM and communication plan; (ii) facilitate linkages with other relevant on-going initiatives (e.g., ASEAN Programme on Sustainable Management

of Peatland Ecosystems); (iii) monitor and continuously upgrade the KM and communication plan; and (iv) raise awareness of local communities and the public (in Indonesia and beyond) on key peatland biodiversity aspects, as well as conservation practices and alternative sustainable livelihood practices. A project website or information portal would be developed where knowledge products could be stored and shared with project partners, regional initiatives and general public. The experiences of the Project would be further disseminated by posting regular reports on the project website/portal. Anticipated KM products include policy briefs, project briefs, and technical guidelines including infographics on forest and peatlands issues and articles, and via user-friendly and accessible electronic media using mobile technology and websites. Further products will be identified during the detailed design phase and as part of the project activity of developing KM and communication plan.

*3.2.1. Functioning monitoring and evaluation system for peatland conservation management.* Through the GEF5 Sustainable Management of Peatland Ecosystems in Indonesia (SMPEI) project, a national level Information System on Protection and Management of Peatland Ecosystem (SIPPEG) is being developed by the MOEF. Under this Component, this GEF-7 project will continue to strengthen this information system by incorporating PHU characteristics which include parameters on biodiversity characteristics. It would support the development of a functioning M&E system for the technical monitoring of peatland biodiversity conservation providing a means to reliably measure the effectiveness and impacts of protection efforts, which will provide a more robust evidence base to support decision making regarding conservation targets. The M&E system will incorporate the concept of participatory monitoring and evaluation involving local communities, scientists and other stakeholders. Major parameters to be monitored would include (i) status of key species, (ii) the effectiveness of decision-making on measures for threat management; and (iii) assessment of reduction in frequency and extent of fires, encroachment, poaching and other detrimental activities through enhanced community surveillance and monitoring.

The Directorate-General (DG) of Pollution and Environmental Degradation Control holds the mandate for overseeing the management of Indonesia's peatlands, including regulation of peatland water management in forests, plantations, community lands and protected areas. The DG and its Directorate for Peatland Degradation Control (which is the proposed project manager for the Project), have been recipients of past capacity building support some of it through GEF resources. This support has resulted in a number of concrete measures that have addressed the major and increasingly complex threats and barriers faced today to achieving sustainable peatland management in Indonesia. The DG and its underlying Directorate have benefited not only from an evolving institutional approach to sustainable peatlands management, one supported by many sub-national efforts from provinces all over the country, which has resulted in a large and rich experiential database, lessons learned and a major investment in human capital. Moreover, the government now has many of the tools in hand to be able to make a difference (e.g., PHU and RPPEG) and include the ability to bring together multi-stakeholder groups to address these problems and barriers. It should also be noted that the new Project does not represent a scaling up of SMPEI and IMPLI. MOEF is currently in need of a demonstration activity/project which integrates peatland ecosystem conservation and species conservation, including on planning, management, and integration in macro-planning in the form of RPPEG. At present, there is no provincial RPPEG in Indonesia which implements this approach. Therefore, its success will serve as a model for the implementation of similar activities in other provinces/districts/cities. As the focus begins to shift to the importance of mainstreaming biodiversity into the policy and regulatory environment for peatlands management, there exists no other viable alternative that combines both this institutional capacity and knowledge with the legal mandate to achieve an undertaking of this scale in the country.

### **Project Location and Sites:**

The Project will be implemented in West Kalimantan, which is one of Indonesia's three provinces characterized by the largest expanse of peatland and forest ecosystems in the country. Several national parks created to protect biodiversity of global importance, some of which include the presence of relatively intact peatland areas, are located in West Kalimantan. However, it is also a province that is facing a growing and increasing diversity of threats to these important ecosystems. Mainstreaming biodiversity consideration at the planning level presents an opportunity to address a broad range of concerns that, if successful,

would prove applicable to many other provinces in Indonesia. Moreover, a Project at this time in West Kalimantan would prove timely. The province is in the process of finalizing the development of RPPEG, therefore now is the time to support the integration of peatland and biodiversity conservation considerations into the provincial plan. Moreover, some private companies which work on peatland areas in West Kalimantan could be strategic partners in implementing peatland and biodiversity conservation, benefiting the generation of lessons learned from taking a multi-stakeholder approach to conserving peatland and biodiversity. Additionally, West Kalimantan is adjacent to Malaysia, therefore, the impacts foreseen from this Project especially on prevention and management of forest and peatland fires, could have direct positive impact in regional (ASEAN) level. In terms of species conservation, peatland conservation will bring benefit to the conservation of some species, such as Orangutan (*Pongo pygmaeus sp.*), proboscis monkeys (*Nasalis larvatus*), and sun bear (*Helarctos malayanus*). It should also be pointed out that, in addition, to the routine activities (i.e. restoration of peatland ecosystems), MOEF has done an Inventory of Peatland Ecosystem Characteristics (1:50,000) in several PHUs in West Kalimantan either through national budget, foreign assistance funds, and private companies which would benefit project implementation. Of particular note, some of the concession permit holders have also made adjustments in their Activity/Business Documents (or *Rencana Kerja Umum/RKU*) for their business/concession areas. Experiences that would be reviewed during project preparation.

The lowland forest of West Kalimantan covers mangrove, freshwater swamp, peat swamp, dryland dipterocarp and heath forests. Much of these forests have been exploited for timber and converted into oil palm plantation. The remaining undisturbed natural forests occur mostly in national parks and nature reserves. Two of these reserves are the Gunung Palung National Park (GPNP) and the Danau Sentarum National Park (DSNP), which form the proposed target landscapes (are described in Annex 2 for more detail), where conservation within and outside of these reserves is increasingly important.<sup>10</sup>

The GPNP and adjacent peatlands is comprised of a diverse flora representing nearly every type of vegetation in Borneo, including beach and mangrove forests, peat and freshwater swamp forests and is the only national park in Indonesian Borneo with relatively intact endangered lowland dipterocarp forests. It represents one of the most important areas left of orangutan habitat in the world. It is also important habitat for other species of global biodiversity significance. The Park and the surrounding areas harbor one of the most viable remaining populations of orangutans in Borneo and the world. The area is affected by illegal logging, clearing and fragmentation of forests and peatlands in adjacent areas as well as forest fires. More than 70% of the lowland forests within the park's 10 km buffer zone around the outer perimeter of GPNP were deforested between 1988 and 2002. Poverty and a lack of access to affordable health care left local people with few choices of livelihoods, and many turned to logging. There are multiple groups, including national and international NGOs, researchers and government that have ongoing or previous initiatives, which have helped build the adaptive capacity of these areas and communities that the project will link with and build on.

The DSNP is the largest wetland conservation area in Indonesia covering 127 thousand hectares, which is located in the floodplain of the upper Kapuas River in West Kalimantan Province. The Park consists of a series of interconnected seasonal lakes, interspersed with swamp forest, inland ombrogenous peat swamp forest, and dry lowland forest on isolated hills. DSNP is a hotspot for endemism of wetland flora and fauna and is one of the most important areas on Borneo in terms of biodiversity, supporting not only many diverse species but also a high degree of endemism and important populations of threatened species. DSNP is facing a number of threats, including fires, habitat conversion along the periphery, and over-exploitation of resources. The Park has a long history of fires where increasing fire occurrences is recorded since 1990, mainly caused by human interventions. There is still a rapid rate of land use change in the upper Kapuas region (mainly for oil palm plantation development purpose) which contributes to pollution and significant hydrological changes at the Park over the past decade, as well as habitat conversion along the periphery. Among the many complex reasons contributing to this state is a steady development of adjacent areas (buffer zones) from large-scale logging and plantation companies. The government has been actively implementing

biodiversity conservation activities through the work of the DSNP Authority. However, there has been no enough support specifically on peatland biodiversity conservation during the recent years other than some fauna surveys and initial development of a landscape management concept by various NGOs. More detail can be found in Annex 2.

The exact target locations in and adjacent to these two PAs will be identified during project design time at which a detailed technical and stakeholder assessment will be undertaken to select the targeted landscapes. Priority will be given to biodiversity hotspots in peatlands areas (see section 1b below for more detail).

While an ecological and landscape approach will be taken – the implementation and capacity building for local government and villages will be within the framework of the village and district boundaries. Therefore, in the final design, the specific provinces, districts and villages will be specified in relation to peatlands and protected areas. The details of the specific actions will be elaborated in the detailed design stage following in-depth consultations with key stakeholders including related communities. [9](#)

### **Overall Impacts**

The proposed project activities will support the work of MoEF and the newly established ITPC, promoting the conservation of biodiversity-rich forests and peatland landscapes while enhancing the sustainable livelihoods of communities living within or near these areas through development and implementation of diversified livelihood models. It is estimated that this Project will cover approximately 800,000 ha of biodiversity-rich landscapes in priority areas of Indonesia. The specific peatland landscapes to be targeted will further assessed and refined during project scoping and design.

The proposed GEF-7 project will build on earlier GEF investments in peatland management. These were: (i) the GEF-4 supported ASEAN Peatland Forests Project (APFP) which was a regional project implemented between 2010-2014 through the ASEAN Secretariat and executed in Indonesia through the former Ministry of Environment (GEF-4); (ii) Sustainable Management of Peatland Ecosystems in Indonesia (SMPEI, 2019-2021) in Riau province of Sumatra (GEF-5); and (iii) Integrated Management of Peatland Landscapes in Indonesia (IMPLI, 2020-2025) in Riau, Jambi and North Sumatra provinces of Sumatra (GEF-6). More detail on these projects can be found in Annexes 3 & 4.

Lessons learned from the earlier project (APFP) include: (i) the involvement of local community and private sector was critical for advancing sustainable management of peat and reducing the extent of peatland fires; (ii) improving water management and blocking of abandoned drains is key at local level to prevent fires and peatland degradation; (iii) in order to be successful, it was necessary to concentrate actions across a peatland landscape rather than fragmenting efforts across many different sites and provinces; (iv) a key element of the new PP71/PP57 regulations requires that water and land management be integrated using a landscape approach; and (v) it is also critical to have cross-sectoral engagement of government agencies from different sectors (e.g. agriculture, forestry, environment, water resources, etc.) as well as different levels (national, provincial and district).

The initial achievements under SMPEI include enhancement of the national programmes on peatland assessment and management and demonstrating multi-stakeholder landscape wide approaches applied at the Peatland Hydrological Units (PHU) level in Southern Riau Province. Important lessons learned include: (i) the need to actively engage the private sector plantations and ensure their compliance with peatland water management regulations as well as the important role of village and district authorities in facilitating sustainable use of peatlands in village lands; (ii) combining peatland water management with

enhanced sustainable livelihoods is key to facilitate community action; and (iii) once the integrity of peatland landscapes is compromised by plantation, road or other development, it is both difficult and extremely expensive to restore natural peatland functions and values. More detail on the lessons learned derived from these and related projects that will be incorporated in project design can be found in Annex 4.

However, these initiatives have also demonstrated that for areas defined by the presence of still relatively pristine peatland ecosystems there is a need for a different approach; one that focuses on conservation of biodiversity and protection of these areas in conjunction with local communities and the need to ensure that the land planning and development strategies of local, provincial and national levels are aligned.

**iv) Alignment with GEF focal area and/or Impact Program strategies**

The Project is aligned with and conforms to the following GEF strategies (see Table 1):

**Table 1. Project Component Alignment with GEF FA Priorities**

GEF-7 FA Priority	Expected FA Priority Activities	Project Component
BD-1-1 Mainstream Biodiversity	<ul style="list-style-type: none"> <li>· Spatial and land-use planning to ensure that land and resource use is appropriately situated to maximize production without undermining or degrading biodiversity.</li> <li>· Improving and changing production practices to be more biodiversity-positive</li> <li>· Developing policy and regulatory frameworks that remove perverse subsidies and provide incentives for biodiversity-positive land and resource use</li> </ul>	<p>1. Strengthening the institutional framework for peatland and biodiversity conservation in Indonesia.</p> <p>1 &amp; 3. Multi-stakeholder partnerships for investment and knowledge exchange for forest and peatland conservation and management</p>
BD-2-7 Protected Areas	<ul style="list-style-type: none"> <li>· Effective protection of ecologically viable and climate-resilient representative samples of the country's ecosystems and adequate coverage of threatened species at a sufficient scale to ensure their long term persistence;</li> <li>· Sufficient and predictable financial resources available, including external funding, to support protected area management and i</li> </ul>	<p>1. Strengthening institutional framework for peatland and biodiversity conservation in Indonesia. Including Output 1.2. which will support the identification of priority landscapes for conservation (i.e. protected areas)</p> <p>2. Community-based management and conservation of targeted lands</p>

	<p>dentification costs; and sustained individual and institutional capacity to manage protected areas such that they achieve their conservation objectives.</p> <ul style="list-style-type: none"> <li>· Site-based conservation and sustainable use;</li> <li>· Sustainable financing of Indigenous peoples and local communities (IPLCs)-driven conservation; and</li> <li>· Capacity development for IPLC organizations and integration of diverse knowledge systems to achieve conservation and sustainable natural resource management outcomes.</li> </ul>	<p>capas in Indonesia. Including Output 2.2 which will support the empowerment and capacity building of communities to conserve forest and peatland biodiversity in targeted landscapes</p>
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**v) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF and co-financing**

Without GEF support, together with associated co-financing and other leveraged assistance, the degradation of forest and peatlands in Indonesia will continue, leading to loss of biodiversity and forest cover, disrupted hydrology, an increase in annual fires and associated large scale greenhouse gas (GHG) emissions as well as loss of community livelihoods and welfare. Targeted interventions from the Project are expected to significantly enhance multi-stakeholder partnership approaches linking the national, provincial and local governments from different sectors, communities and private sector to develop and manage forest and peatlands in a sustainable integrated manner.

In the business-as-usual (BAU) scenario, government efforts related to forest loss and peatland degradation will likely continue to focus mainly on their development for socio-economic benefits, rather than taking into consideration the respective ecological and biodiversity aspects. In the absence of GEF support, enforcement will continue to be ineffective in preventing degradation of forest and peatlands, and government expenditure on subsequent impacts from clearing forests and peatland fire-fighting will continue to be allocated too late to prevent large-scale degradation. Development options for local communities provided by local and national government agencies will continue to be focused on traditional development options and not take into consideration the need for sustainable management of forest and peatland ecosystems. This, in turn, will likely lead to the continued loss of the peatlands and forests due to their continued degradation with increasing incursions and encroachment of conservation areas, large-scale logging, clearance of forests and peatlands for large-scale plantations and mining operations.

The proposed GEF increment stems from the proposed mainstreaming of biodiversity aspects into peatland forest management and regulations and planning, coupled with community engagement at PHU level, and multi-stakeholder partnerships for increased resource mobilisation and knowledge exchange. The Project will combine the conservation and livelihood dimensions of the equation in order to tackle the root causes of the biodiversity loss in peatland ecosystems. With the support of the GEF7 resources, it is envisaged that enhanced levels of engagement and cooperation among stakeholders will take place and there will be more effective implementation of relevant regulations and more focus on prevention of forest and peatland degradation, resulting in improving biodiversity conservation status and reduced emissions at provincial, district and local levels. Overall with the GEF support, a more effective integrated sustainable forest and peatland management practices can be engendered especially in the vulnerable region of Indonesia which encompass biodiversity of global significance.

The project will link to the Integrated Village Economic Transformation (*Transformasi Ekonomi Kampung Terpadu*, TEKAD) to be financed by an IFAD loan and grant (US\$113 Million), with other contributions that amount to a total of USD 700 million over a six-year implementation period (2021-2027). It will influence the use of larger amounts of resources from TEKAD allocated for community development, in order for those resources to support/promote forest and peatlands conservation and sustainable management. The TEKAD project will enable scaling-up and replication of the GEF7 activities, as well as transfer of knowledge and lessons learned under component 2 related to the sustainable livelihood development, to other districts and Provinces, in addition to the GEF7 project areas, drawing mainly on TEKAD resources and other potential co-funding. The two projects will work closely together in a complementary manner to ensure synergy and avoid duplication (see Annex 5 for more detail on TEKAD and the complementarities between the two projects).

Partnership and co-finance is expected from private sector and local government, which are involved in the forest harvesting, production and land management sectors in the targeted districts and provinces. The Project allows for a multi-stakeholder and multi-level approach to integrate forest and peatland management and biodiversity conservation. It will ensure lessons learned from demonstration and pilot testing of sustainable peatland management and the integration of biodiversity objectives elsewhere in Indonesia will help guide both national systems and well strategies and action in the targeted region of Indonesia.

#### **vi) Global Environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)**

Global Environmental Benefits (GEBs) from the Project would include: (i) conservation of peatlands and forests of globally significant biodiversity; (ii) sustainable use and management of forests and peatlands of globally significant biodiversity; (iii) conservation of rare threatened and endemic species, (iv) improved provision of agro-ecosystem and forest ecosystem goods and services; and (iv) conservation and sustainable use of biodiversity in productive landscapes. The Project is aligned with a number of the Aichi and Indonesian Biodiversity Strategy and Action Plan (IBSAP) indicators (see Table 2).

The adaptation co-benefits will include: (i) benefits at value chain and system level (e.g. resilient food systems); (ii) contribution to development objectives by integrating adaptation in development programmes; and (iii) systemic and transformational change from appropriate and relevant policies across different sectors. The Project focuses on both products and processes, essential for effective adaptation; resilience as products is achieved through diversified and sustainable livelihoods, while resilience as a process for long term action is enhanced through strengthening institutional capacity and policy development.

Regarding Global Environmental co-benefits of the project related to climate change mitigation, the estimated amount of carbon dioxide equivalent (CO<sub>2</sub>e) to be mitigated from the proposed Project areas has been estimated to be 2,902,000 tCO<sub>2</sub> of carbon sequestered or emissions avoided in the AFOLU sector (to be confirmed during design process). See Annex 6 for further details.

In the absence of the final post-2020 Global Biodiversity Framework and targets, the project contributes to Aichi targets as indicated below. This description will be updated during project design when the Post-2020 Global Biodiversity Framework will be approved.

**Table 2. List of Aichi Targets, National targets and indicators under the Indonesian Biodiversity Strategy and Action Plan (IBSAP) the Proposed Project Contributes.**

Aichi Target (AT)	National Target under IBSAP ( <i>Target Nasional/TN</i> ) <sup>12</sup>	National Indicators under IBSAP
Target 1. Awareness of the values of biodiversity increased by 2020	TN 1. Awareness and participation of various parties established through formal and informal educational programs	§ No. of educational community improved its role in increasing awareness and level of knowledge on biodiversity § No. of series of facilitation meetings to develop strategy and community participation models § Capacity and no. of personnel and environmental-related case management § No. of facilities and institutions receiving support
Target 2. Biodiversity integrated into national and local development and poverty reduction strategies and planning processes	TN 2. Implementation of sustainable management of biodiversity resources in the planning and implementation of national and regional development to improve community economies	§ No. of plans to manage conservation areas
Target 4. Government/business/stakeholders taken steps to achieve/implement plans for sustainable production and consumption within safe ecological limits	TN 4. Establishment of increased availability and implementation of policies supporting sustainable production and consumption (SCP) in the utilization of biodiversity resources	§ No. of biodiversity resources based commodity with sustainable standard/criteria § Amount of biodiversity identified § Percentage of production and consumption of commodities with sustainable standard/criteria § No. of total area of protected biodiversity resources with application of sustainable standard/criteria
Target 5. The rate of loss of all natural habitats	TN 5. Development of ex-situ conservation areas	§ Number of ex-situ built (e.g. biodiversity park, botanical garden)

abitats is at least halved by 2020	reas to protect local ecosystems	n, forest park or <i>tahura</i> , arboretum, germplasm garden, city garden)
Target 7. By 2020, areas under agriculture, aquaculture and forestry managed sustainably, ensuring conservation of biodiversity	TN 7. Realization of improved land for sustainably managed agriculture, plantations and animal husbandry	§ Number of national and local regulations to support the biodiversity management target and permanent sustainability
Target 11. By 2020, at least 17% of terrestrial and inland water, especially areas of particular importance for biodiversity and ecosystem services are conserved/managed effectively.	TN 11. Realization of sustainable maintenance and improvement of conservation areas	§ Total land conservation recovery area § Number of documents on conservation area management § Amount of integrated management of peatlands § Total area of land used for agriculture, plantations and animal husbandry
Target 14. By 2020, ecosystems that provide essential services are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable	TN 14. Improved functionality of integrated ecosystems to ensure the improvement of essential services (water, health, livelihoods, tourism)	§ Total areas and number of plans for essential area management
Target 15. By 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced	TN 15. Realization of conservation and restoration of degraded ecosystems in the region	§ Total area for ecosystem conservation recovery § Total area recovered
Target 20. By 2020, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources should increase substantially from the current level	TN 20. Identification of resources and budget effectiveness in the implementation of sustainable management of biodiversity	§ No. of laws and regulations issued § Needs, funding sources and location priority for biodiversity management are identified § Guidelines for funding mobilization mechanism of biodiversity management § Funding mobilization strategy is developed § No. of policies and business entities.

An estimated 20,000 local community households will benefit directly from the proposed project through community-based forest and peatland conservation, livelihood diversification, increased knowledge and stakeholder coordination.

## vii) Innovation, sustainability and potential for scaling up

Innovation. Implementing agricultural nature-based solutions at the landscape-scale, translates into designing multifunctional agroecosystems that are both productive and resilient, addressing potential trade-offs between production and conservation. One of the main innovative aspects of the project will be the pursuit of multi-stakeholder engagement in developing integrated approaches enhancing conservation of peatland and forest ecosystems. Community-based conservation requires engaging with, and providing benefits, for local communities in order to achieve long-term conservation objectives. In addition, the engagement of and coordination among multiple stakeholders from the local levels within the landscapes to the provincial and national levels, including local communities, private sector plantation companies, civil society, NGOs, research institutions, working in partnership with government agencies, particularly the Provincial Forest and Environment Agency, will be more effective compared to conventional sectoral approaches. The Project will work closely with the multi-stakeholder platforms at provincial level by incorporating key stakeholders related to environment, peatlands and forests, as well as promoting models for community development related to sustainable natural resource management.

The use of the peatland hydrological unit (PHU) as the key unit for planning and management is critical to ensure the long-term sustainability of the peatlands, since maintaining the integrity of the PHU is essential to ensure a proper ecosystem approach and prevent fire and minimize degradation. Being a landscape approach, the PHU encompasses all environmental characteristics in the peatland landscape, including soil, forest and freshwater biodiversity within the peatland ecosystem. According to Governmental Regulation P.14/2017 on Procedure for Inventory and Determination of Peat Ecosystem Functions, the PHU approach implies conducting an inventory of 13 characteristics or parameters in order to define the peat ecosystem, including number 5: "*keberadaan flora dan fauna yang dilindungi*" which translates into "existing protected flora and fauna". This project will help strengthen the understanding around the importance of mainstreaming this parameter into the planning processes in the PHUs.

The initial achievements under GEF5-SMPEI include demonstrating multi-stakeholder landscape wide approaches applied at the Peatland Hydrological Units (PHU) level in southern Riau Province. The GEF4-APFP project also supported a strong and extensive participatory approach that engaged across multiple sectors to promote and implement the ASEAN Peatland Management Strategy 2006-2020 and National Action Plans for Peatlands (NAPs) of each participating country, which included Indonesia. Multi-stakeholder workshops on NAP development and implementation were held and a Technical Working Group (TWG) was formed in Indonesia to encourage inter-sectoral engagement in planning. To avoid a slow implementation of multi-stakeholder management strategies, careful selection of project partners (this will include local government agencies with demonstrated commitment to addressing peatland issues) and close monitoring and guidance of project activities is needed, as well as iterative community consultations for land-use zoning and planning. Further details on lessons learned from previous and ongoing projects that will feed into the design are in Annex 3.

It is also expected that the Project will change the way rural people invest, produce and manage their assets through scaling up the innovative income generation methods and alternative agricultural practices. Linking with TEKAD, activities will be rooted in the Village Economic Development Plan and annual planning will be aligned with the regular annual planning cycle, where strategic choices and planning will rest on broad-based participation and agreement of different village social and economic groups. The planning process will build on village potential and features (agro-ecological zone, remoteness, existence of economic organizations, existence of traditional settlements and on information on available market opportunities).

The Project will enhance institutional and financial sustainability for the sustainable management of peatlands in Indonesia through the following:

Institutional Sustainability. Given that the proposed GEF-7 project, is a 4<sup>th</sup> generation project, following GEF-4 APFP, GEF-5 SMPEI and GEF-6 IMPLI, the Project will continue to build the sustainability of the work of the MoEF and related line entities at national, regional and district levels, focussing on the main issue still to be tackled and not covered in the previous projects i.e. peatland ecosystem and biodiversity conservation. The sustainability approach also involves

strengthening the cross agency partnership and collaboration with relevant Ministries, such as the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (MoV) and the Ministry of Agriculture (MoA). The design of the Project, as well as its implementation, will be informed by impact assessments, lessons learned and experiences from completed projects such as GEF-4 APFP and IFAD grant HFSLP, some of which are shown in Annexes 3 & 4. In addition, the Project will benefit from and build on the recently started GEF-6 IMPLI project, but also from knowledge exchange with Malaysia via south-south and triangular cooperation (SSTC), executed by the Malaysian Ministry of Energy and Natural Resources (KeTSA). Specifically, the Project will support institutional sustainability through:

- Working to support the drafting and finalization of the sub-regulations specifically related to conservation and procedures to implement the Government Regulations on Protection and Management of Peatland Ecosystems (PP71/PP57), and mainstream biodiversity considerations and landscape approach into the relevant regulations and plans;
- Enhancing capacity of the provincial and district level agencies related to peatland landscape management and peatland and biodiversity conservation in Indonesia;
- Building capacity of villages and local government to prioritise and invest in sustainable peatland management and peatland and biodiversity conservation will also contribute to institutional sustainability;
- Linking closely with the implementation and review of the Indonesian national policies and strategies for CBD, UNFCCC and UNCCD;
- Supporting the collaborative work between Indonesia and other ASEAN Member States in the framework of the ASEAN Peatland Management Strategy 2006-2020 and its proposed extension to 2030; and
- Peatland, forest and biodiversity conservation will be integrated into the work of local governments and the MoV.

Financial Sustainability. Studies show that approximately US\$ 4.6 billion will be needed to complete the national target of restoring 2 million ha of peatlands, of which US\$0.5 billion would be needed to restore protected areas burnt or degraded (through hydrological restoration and potential enrichment planting or full revegetation). Unfortunately, little has been documented on the costs of peatland conservation activities. Specifically, the Project would support financial sustainability of interventions through:

- Development of an investment framework for promoting the integration of biodiversity conservation into sustainable peatland management;
- Integrating forest and peatland conservation with the long-term financing strategy of the MoV through the TEKAD project;
- Mainstreaming sustainable peatland management and biodiversity conservation into the mid-term and long-term national development planning frameworks, as well as in the internal budget planning processes of related ministries and agencies;
- Demonstrating effectiveness and efficiency of conservation, fire prevention and sustainable peatland management approaches at a landscape level in contrast to high current expenditures and economic losses on ineffective peatland firefighting;
- Strengthened capacities of smallholders and communities for peatland and forest management, as well as peatland and biodiversity conservation at the local village level will enhance the long term sustainability; and

Linking with strategies, investment plans and capacity development related to the Nationally Determined Contributions (NDCs) for emission reduction for 2020-2030 under the Paris Agreement of UNFCCC.

Potential for Scaling-up. The Project will serve as a stepping-stone, through the piloting of methodologies and models to be scaled-up and replicated through TEKAD and picked up by the government and other institutions. This is where the knowledge exchange output of the Project (Output 3.1) would be fundamental in ensuring the appropriate capturing and update of these other relevant activities. Moreover, through Output 1.4, the Project would aim to strengthen partnerships and mobilise increased fund flow for conservation of forests, peatlands and biodiversity – linking up and feeding into the regional ASEAN 10-year Investment framework being developed under the IFAD-ASEAN regional programme MAHFSA.

The TEKAD project would enable scaling-up and replication of the GEF7 activities to Eastern Indonesia (mainly under Output 2.4), as well as transfer of knowledge and lessons learned under Component 2 related to sustainable livelihood development, to other districts and Provinces beyond the GEF7 project areas, drawing mainly on TEKAD resources and other potential co-funding. The GEF7 target areas in Kalimantan will serve as pilots for adopting biodiversity conservation mainstreaming within the livelihood development activities, which will be replicated and scaled-up potentially in seven large districts in Eastern Indonesia of the TEKAD project, each district having significant lowland or upland peatlands. The GEF7 project will closely link to the ongoing TEKAD project improving the abilities of village governments and communities to promote and implement inclusive and sustainable village economic development, supporting community-based natural resource management, biodiversity conservation and livelihood enhancement. For more details on TEKAD complementarity, see Annex 5.

The Component 2 is expected to work with the TEKAD project which will help improve the abilities of village governments and communities to promote and implement inclusive and sustainable village economic development, supporting community-based natural resource management and livelihood enhancement (see Annex 5 for more detail).

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<sup>2</sup> For example. In the Sebangau National Park peat swamp forest of Central Kalimantan, more than 1,100 potential species have been reported, including 46 that are globally threatened and 59 that are protected under Indonesia's law.

<sup>3</sup> [https://reliefweb.int/sites/reliefweb.int/files/resources/Indonesia\\_2.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Indonesia_2.pdf)

<sup>4</sup> As per projections under CSIRO-Mk3.0GCM with the A2 scenario and MIROC-H GCM with the A1B scenario. R. Russell M. Paterson, Lalit Kumar, Subhashni Taylor & Nelson Lima. 2015. Future climate effects on suitability for growth of oil palms in Malaysia and Indonesia. Scientific Reports | 5:14457. [www.nature.com/scientificreports/](http://www.nature.com/scientificreports/)

<sup>5</sup> Indonesia currently supplies 61% of the world's palm oil for food, industrial and biofuel sectors - between 1995-2015, approximately 2.3 million hectares of forest and peatlands were converted to oil palm plantations)

<sup>6</sup> The Brazzaville Declaration was signed at the Third Partners Meeting of the Global Peatlands Initiative, taking place in Brazzaville, Republic of Congo, on 21-23 March 2018. <https://www.unenvironment.org/news-and-stories/press-release/historic-agreement-signed-protect-worlds-largest-tropical-peatland>

7 The ITPC will be based in Bogor, Indonesia was formed and funded by the governments of Indonesia, Democratic Republic of the Congo and Peru. The ITPC will aim to bring together researchers from around the world to share lessons and to collaborate on practical action for peatland conservation.

8 To facilitate the implementation of its social forestry program, the Indonesia government intends to allocate a total of 12.7 million ha of state forests for management by local communities through five separate schemes, namely: Community Forests (*Hutan Kemasyarakatan*, HKM), Village Forests (*Hutan Desa*, HD), Community Plantation Forests (*Hutan Tanaman Rakyat*, HTR), Forestry Partnerships (*Kemitraan Kehutanan*), and Adat Forests (*Hutan Adat*, HA). Meanwhile, private-sector supported Fire-free Village (*Program Desa Bebas Api*) programs have been established in 218 villages.

[1] IFAD regional grant “Measurable Action for Haze-free Sustainable Land Management in Southeast Asia” (2019-2023)

10 Species Composition and Structure of Forests in the Muara Kendawangan Nature Reserve, West-Kalimantan, Indonesia. IOP Conf. Series: Earth and Environmental Science 166 (2018) 012005 doi :10.1088/1755-1315/166/1/012005

9 Ecosystem services under future oil palm expansion scenarios in West Kalimantan, Indonesia. *Ecosystem Services* 39 (2019) 100978.

12 Based on IBSAP 2015-2020

## 1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.

The Project will work at the national and sub-national levels in Indonesia. In the latter, the potential identified project areas will encompass peatland biodiversity “hotspots” inside and in proximity to two national parks in West Kalimantan Province, as well as potential scaling up to other districts in Indonesia via the complementary TEKAD project and other relevant projects. Specifically, proposed site level actions are expected to take place mainly in and around: (i) the Gunung Palung National Park (GPNP) and the adjacent Sungai Putri Peatlands (North Kayong and Ketapang Districts) and (ii) Danau Sentarum National Park (DSNP; Kapuas Hulu District). The respective geolocation ID numbers are (i) 1633024, S 1°13'00" E 110°08'00", and (ii) 11184796, N 0°51' 45"E 112°11'13" (source: geonames.org). See Figure 1 and Table 3 below for more detail.

Figure 1: Map of Gunung Palung National Park (GPNP) and Danau Sentarum National Park (DSNP) in West Kalimantan (source: Directorate General for Pollution and Environment Degradation Control-MOEF, 2021).

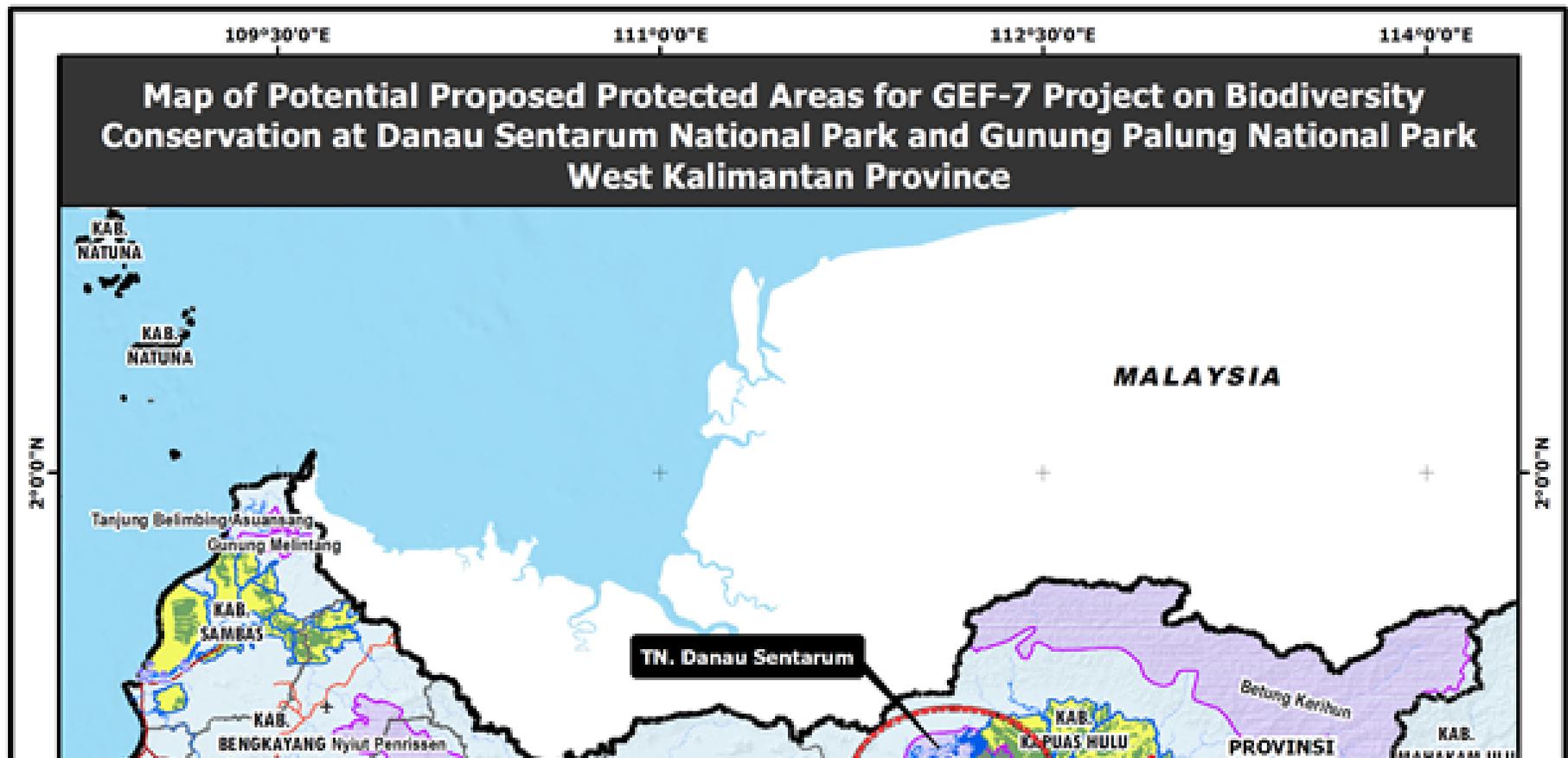






Table 3. Total Area of Proposed Locations for GEF7 Project based on Peatland Ecosystem Function

N o.	Conservation Area	Name of PHU	Peatland Ecosystem Function	Province	District	Hectare (Ha)
1	Danau Sentarum National Park	PHU Sungai Belitung-Sungai Kapuas	Peatland Ecosystem Protection function	West Kalimantan	Kapuas Hulu	31,442
		Non-PHU	Non-PHU		Kapuas Hulu	95,966
	<b>Total for Danau Sentarum National Park</b>					<b>127,408</b>
2	Gunung Palung National Park	PHU Sungai Matan-Sungai Rantaupanjang	Peatland Ecosystem Protection function	West Kalimantan	Kayong Utara	13,219
		PHU Sungai Siduk-Sungai Rantaupanjang	Peatland Ecosystem Protection function		Kayong Utara	17,725
		PHU Sungai Tolak-Sungai Siduk	Peatland Ecosystem Protection function		Ketapang	31
		Non-PHU	Non-KHG		Kayong Utara Ketapang	58,877 18,175
	<b>Total Area for Gunung Palung National Park</b>					<b>108,028</b>
<b>Total Area (Danau Sentarum NP and Gunung Palung NP)</b>						<b>235,426</b>

The exact locations and target areas of the Project will be finalised and refined through the design process, during which a detailed technical and stakeholder assessment will be undertaken to select the targeted landscapes. Five guiding elements will be considered: (i) the location of existing and planned protected areas, (ii) the location and status of peatland ecosystems and peatland hydrological units, (iii) the targeted districts allocated funding under identified co-financing; (iv) evidence of on-going and future project support for diversified livelihoods; and (v) national and provincial government priorities.

## 2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Indigenous Peoples and Local Communities Yes

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

**In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement**

The PIF has been developed jointly with the Ministry of Environment and Forestry (proposed executing agency). A number of meetings with the Directorate of Peatland Degradation Control (DPDC), under the Directorate General of Pollution and Environment Degradation Control (DG-PEDC) were undertaken to discuss project formulation and structure, including project objective, outcomes and outputs, proposed partners, and selection of proposed target areas and project activities/interventions. Additionally, the Directorate General of Natural Resources and Ecosystem Conservation (DG-NREC) was also engaged in these meetings to discuss project structure. More specifically, virtual consultations were held with the Directorate of Biodiversity Conservation (DBC) under the DG-NREC to discuss on the envisioned collaborations between DPDC and DBC under this project. The information on one of the targeted landscapes in West Kalimantan (i.e. GPNP) was obtained through work undertaken by the Global Environment Centre, working in partnership with the Ketapang District government and a range of other stakeholders including NGOs (FFI, Earthequaliser) and oil palm and forest plantation companies (IOI, Cargill, New Forest and Bumitama).

DPDC has also undertaken a number of virtual consultations with local stakeholders relevant to this project. These include consultations with the head authorities of both targeted PAs (GPNP and DSNP), Balai Besar of Betung Kerihun and Danau Sentarum National Parks (BBTNBKDS), and Balai Besar of Natural Resources Conservation (BBKSDA) of West Kalimantan. These consultations provided more specific information relevant to the project (e.g. conservation issues in the targeted PAs, critically endangered species that are important for conservation, existing conservation initiatives in West Kalimantan), and the envisioned collaborations with these stakeholders. All the above stakeholders are supportive to the proposed project, and more in-depth consultations will be held during the full design.

Preparation of the PIF has not benefitted from a meaningful stakeholder consultation with Project Affected People and Indigenous Peoples in the project target areas because of strict restrictions of movement resulting from COVID-19 pandemic in Indonesia. During preparation of the full proposal, the Project will prepare a Stakeholder Engagement Plan to be implemented throughout the project cycle and undertake full and meaningful consultations and stakeholder participation for all the Project components. The SEP will include a comprehensive stakeholder identification and analysis.

During project screening (project area selection process) communities, village heads, customary leaders, and local authorities will be consulted about benefits and potential risks and impacts of the project activities and their views will be incorporated into the project design. A Social Assessment (which will form part of the Environmental and Social Management Framework) will be carried out within project target areas where potential impacts on the communities and their land have been identified.

A Free, Prior and Informed Consent (FPIC) will be undertaken and precede any activities under the project that will affect communities including Indigenous Peoples. A robust risk assessment will be carried out, and secure FPIC from communities whose rights to land and natural resources may be significantly implicated as a result of the project. A series of consultations, both in the form of public consultation meetings and informal consultations, will be conducted prior to implementation of specific interventions under the project. These consultations will assess whether there is broad support from the communities or rejection. Decisions to proceed with activity implementation will be made based on the outcomes of the consultation and stakeholder engagement processes.

Prior information and early notices will be provided to village governments and local authorities ahead of consultations to enable participation of village representatives. Notices to the communities informing them that the respective focal person and local authorities will seek consultation to seek support for the project intervention and to determine the potential positive and negative impacts from the project. The notice will request that representatives of farmers, women's associations, and village leaders attend. During the consultation, the community leaders and other participants will present their views with regards to the proposed activities. During the consultation, detailed procedures would determine the potential positive and negative impacts under the project on a village-by-village basis. A conflict resolution system will be defined, through an established grievance mechanism, to ensure affected people have a process for lodging grievances (particularly for land acquisition). If a beneficiary community includes ethnic minority communities, their representatives will be included in the conflict resolution mechanisms. This will be done to ensure community involvement and culturally appropriate decision-making processes are observed.

The free, prior and informed consultations will be undertaken in a language spoken by, and location convenient for, potentially affected Indigenous Peoples. The views of Indigenous Peoples are to be taken into account while respecting their current practices, beliefs and cultural preferences. The outcome of the consultations will be documented in the social assessment instruments (Environmental and Social Management Framework and Indigenous Peoples Plan).

Key stakeholder groups identified for engagement through the design and implementation stages of the project are listed in Table 4 below. For more detail on the stakeholders listed in Table 4 and their respective mandates see Annex 8.

**Table 4. Key Stakeholder Groups**

Sector	Institutions
Central Government Agencies	Ministry of Environment and Forests (MOEF), Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (MoV), Ministry of Agriculture (MoA), National Development Planning Agency (BAPPENAS)
Provincial and District Agencies	Environment and Forestry Agencies (DLHK), Provincial and District Development Planning Agencies (BAPPEDA), Balai Besar Konservasi Sumber Daya Alam / Provincial Natural Resources Conservation Agencies (BBKSDA) and their Regional Offices (BKSDA), Forest Management Technical Implementation Units (UPT-KPH), and Local Agencies for Agriculture, Fisheries and Livestock; National Park Management Authorities
Local Government Agencies	Working units (or SKPD) located in Kayong Utara District and Ketapang District for the proposed location in Gunung Palung National Park, as well as in Kapuas Hulu District for the proposed location in Danau Sentarum National Park
Civil Society/ NGOs/ International Agencies	International, national and local NGOs/CSOs/Agencies working on the issue of forest and peatland management at national and local levels including International Tropical Peatlands Centre (ITPC), Global Environment Centre, Conservation International, Wahana Lingkungan Hidup Indonesia (WALHI, The Indonesian Forum for Environment), Global Green Growth Institute (GGGI) Indonesia, Alam Sehat Lestari, Fauna and Flora International, Earthequaliser, etc.
Research Institutions	Center for International Forestry Research (CIFOR), Bogor Agricultural University (IPB), The University of Queensland (UQ), Tanjungpura University (UNTAN), and other relevant universities and research institutions.
Private sector	Private sector plantation companies for main commodities such as palm oil, paper and pulp, etc. (including IOI, Bumitama, Cargill and New Forest)
Indigenous Peoples and Local Communities	Indigenous Peoples and Local Communities will be actively consulted and engaged in the design and implementation of the project in all the targeted landscapes. An Indigenous Peoples and local community Plan (IPLCP) will be developed and implemented to guide proactive engagement of Indigenous Peoples and local communities, including provision of Free Prior Informed Consent (FPIC) principals, to ensure community interests and rights are safeguarded.

Regarding consultation with and engagement of stakeholders during the preparation process, as the GEF7 is a fourth phase initiative, it has benefitted from more than a decade of consultative processes at regional (ASEAN), national (Indonesia) and provincial-levels. A consistent group of IFAD staff have been engaged almost through the entirety of this process, thus preserving the institutional memory of the learning and outcomes from a broad range of stakeholder consultations that have been realized throughout this period. Consequently, the current design is fully oriented by the results of this dedicated and demonstrated experience.

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

In West Kalimantan, the Gender Development Index (GDI), which incorporates a measure on gender equality, was found to be lower than the average for Indonesia for the past three years<sup>[1]</sup>. This indicates a slightly lower commitment on gender equality than the overall of Indonesia. In certain locations, gender equality problems are still found, mainly related to the customary patterns of the community which were formed over a long period of time, and are influenced by local culture and the colonial intervention, such as in the Dayak Benawan customs in West Kalimantan. For example, in the ethnic community of Dayak Benawan, the restricted access of women to decision-making has resulted in unfair division of labor. The unfair traditional custom also contributes to some extent in increasing women poverty. The women poverty condition in the ethnic community of Dayak Benawan is not only rooted in cultural and structural dimensions, but also multidimensional. The traditional custom practices are weakening women's political position, perpetuating the patriarchal structure within the community.

Gender inequality can also be found in land allocation. Land allocated through New Order development programmes under transmigration (Pir-Bun Trans) scheme is registered in the name of the husband as the household head. In Dayak community of Sanggau district, West Kalimantan, the loss of women's position as landholders through the registration of smallholder oil palm plots under men's names is directly related to the increased vulnerability of women as plantation workers. Men's official ownership left women disempowered. Women's exclusion from formal plot ownership could potentially disadvantage them in three ways: a) women's rights to oil palm plots are not secure in case of divorce; b) a husband could sell or mortgage a plot without his wife's consent; and c) husbands who collect the monthly payment for the harvest in cash directly from the co-op could keep the money and spend it without their wives' consent. Exclusion of women from co-op membership was shown to be a significant failure of the scheme design, a missed opportunity to address a gender injustice by reversing women's marginalization in the public sphere.

Gender roles in agricultural activities within peatland-based communities are significantly dominated by men. The role of men is dominant in the economic aspects of production and ownership of household assets, whereas women have a more significant role in domestic matters. Land preparation, planting and harvesting activities are generally carried out by men. Women provide support to some extent in these activities, but these have never routinely been done by women alone. In terms of the implementation of government programmes at the site level, there is a significant increase of women's interest to be involved and obtain equal opportunities as men in these programmes. For example, in *Desa Mandiri Peduli Gambut* or Peat Care Villages programme in Tanjung Sangalang and Tabatan Villages in Central Kalimantan, there is a good representation of women in the economic revitalization activities (e.g. layer duck poultry on peatlands) under such programme. In this activity, an equitable division of works among men and women was observed, where men were mostly responsible for more physical works such as creating and maintaining cages, feeding and raising the ducks, while women were in charge of marketing sides; price and quality survey in the market, and develop marketing strategy (e.g. product value addition) according to the current and foreseen market conditions. This good example may potentially be replicated in West Kalimantan under the project.

The project will address gender inequalities through a rigorous social assessment that will be carried out during project design and will identify opportunities for mainstreaming gender aspects into the design through direct involvement of women in the project's proposed activities, awareness and capacity building activities on peatland biodiversity conservation, community-based diversified livelihoods programmes, and involvement in the multi-stakeholder partnership and investment framework for biodiversity conservation. During the full design stage, a full gender analysis will be undertaken and a Gender Action Plan will be developed. The Gender Action Plan will propose approaches to mainstream gender considerations across project activities, and include appropriate means to enhance the women participation in decision-making related to peatland-based livelihood activities and peatland biodiversity conservation efforts/initiatives among other things. The Plan will also identify measures to reduce negative impacts to women from the proposed project activities and promote measures for equitable benefit sharing, labor division, access to resources and technologies, capacity development, etc. The gender analysis and Gender Action Plan will focus on the followings:

- Identify existing gender gaps within the areas of the proposed project, and propose measures to address these gaps;
- Planning and stakeholder consultations will ensure equal participation of women to ensure that their perspectives are adequately considered in the project design;
- Support capacity development of female staff to improve gender balance within the context of the project;
- Promote equal representation of women in community meetings and awareness activities under the project, ensuring their voices are considered in the decision-making process;
- Promote gender sensitive guidelines and sub-regulations in the development/updating of specific peatland regulatory frameworks;
- Ensure gender-balanced participation in policy-making processes so that needs and perspectives of women and men are adequately addressed;
- Support fully inclusive planning processes, specifically in the development of Plan for Protection and Management of Peatland Ecosystems (RPPEG) in West Kalimantan;
- Development of women's capacities in adopting sustainable and biodiversity-friendly peatland management practices;
- Identification of gender-sensitive peatland-based diversified livelihood models, including models that are targeted to women or have a majority women participants;
- Identification of specific training and technical assistance to women, ensuring equal representation of women especially in the livelihood programmes.

The project will also apply Gender Equality and Social Inclusion (GESI), of which the main cornerstone is the implementation of a household-based approach, to propose a more equitable distribution of agricultural and household work done by women, men and youth. Specifically, the household-based approach will aim at: increasing the capacities of household members to jointly take advantage of programme benefits to improve family welfare, through family planning and budgeting; empowering women so that they access programme benefits alongside men, within the family unit; raising awareness on good nutrition practices; and engaging the community to create a supportive environment for household level activities and for broad inclusion. An important part of the household-based approach is the household situational analysis of gender roles and relations, nutrition and livelihood vulnerabilities, which often marks the starting point of a journey of self-discovery and emancipation.

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[1] GDI in West Kalimantan in 2018, 2019 and 2020 are 86.74, 86.81 and 86.87, respectively. Whilst GDI for the whole Indonesia in the same years are 90.00, 91.07 and 91.06, respectively. (Source: National Statistic Agency/BPS, 2021)

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes**

**closing gender gaps in access to and control over natural resources; Yes**

**improving women's participation and decision-making; and/or Yes**

**generating socio-economic benefits or services for women. Yes**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### 4. Private sector engagement

Will there be private sector engagement in the project?

Yes

Please briefly explain the rationale behind your answer.

It is crucial to engage the private sector, in particular the oil palm and industrial tree plantation companies, as they have the resources to improve the management and protection of the forest and peatland areas within and adjacent to their plantations. Partnership and co-finance is expected from private sector and local government, which are involved in the forest harvesting, production and land management sectors in the targeted areas. The private sector is also able to provide support in both manpower and finance in implementing project activities collaboratively within the targeted forest and peatland landscapes. The private sector will also support the development of options for securing climate-related financing e.g. related to REDD+, NAMAs or NDC targets. The private sector engagement will provide a model for financing for other protected areas. The GEF-4-APFP and GEF5-SMPEI projects demonstrated that the active involvement of private sector was critical, respectively for advancing sustainable management of peat, and ensuring their compliance with peatland water management regulations, thereby reducing the extent of peatland fires.

In the targeted districts of Kapuas Hulu, Kayong Utara and Ketapang in West Kalimantan, there has been a good history of private sector engagement as many of the plantation companies are members of RSPO and they have been open to and engaged with initiatives for landscape assessment and management (see Table 5 below). The area surrounding the GPNP target area is being developed mainly for oil palm, and there is significant potential to work with the neighbouring private sectors oil palm companies and also local communities to ensure connectivity of forested areas and high conservation value areas through conservation corridors, for biodiversity conservation and protection. In particular the private sector will be a strategic partner to implement the following proposed interventions: (i) implementation of community-based sustainable diversified livelihood models to support conservation (incl. agroforestry or intercropping by plantation industries); (ii) strengthening peatland management and conservation, notably in production landscapes; (iii) participate in the multi-stakeholder partnerships and investment framework to mobilize finance for forest and peatland biodiversity conservation; and (iv) participate in the cross learning on biodiversity conservation initiatives.

Linkages will also be sought with the ongoing work of the GEF-7 Good Growth Partnership, and the new GEF-7 Food, Land Use and Restoration (FOLUR) impact program. Knowledge exchange will be ensured with the IFAD grant *Sustainable Farming in Tropical Asian Landscapes* (SFITAL)<sup>15</sup>, co-financed by Mars Incorporated, which recently started, looking at improved instruments to engage with private sector in oil palm supply chains in Indonesia (target areas: Aceh Tamiang and Labuhan Batu) to achieve a sustainability transformation through community-centered, sustainable, climate-focused economic development initiatives, as well as compliance with environmental and social standards through the establishment of transparency and traceability systems throughout the value chain.

**Table 5. Private Sector Entities Adjacent to the Proposed Locations of GEF7 Project**

No.	Conservation Area	Concession Area/Company Name	Type of Business
1	Gunung Palung National Park	PT. Cipta Usaha Sejati	Plantation Business Permit (HGU)
		PT. Swadaya Mukti Prakarsa	Plantation Business Permit (HGU)
		PT. Prakarsa Tani Sejati	Plantation Business Permit (HGU)
		PT. Sawit Mitra Abadi	Plantation Business Permit (HGU)
		PT. Kayung Agro Lestari	Plantation Business Permit (HGU)
2	Danau Sentarum National Park	PT. Papan Estetika	Plantation Business Permit (HGU)
		PT. Kapuas Indo Palm Industri	Plantation Business Permit (HGU)
		PT. Sentra Karya Manunggal	Plantation Business Permit (HGU)
		PT. Paramitra Internusa Pratama	Plantation Business Permit (HGU)
		PT. Lembah Jati Mutiara	Industrial Forest Plantation (HTI)
		PT. Finantara Intiga	Industrial Forest Plantation (HTI)

## 5. Risks to Achieving Project Objectives

Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)

Risk	Level	Mitigation measures
Weak enforcement of policies and regulations related to forest and peatland management	Medium	<ul style="list-style-type: none"> <li>· Awareness-raising on the economic, social and environmental impacts of forest loss and peatland degradation and relevance of the new peatland regulations;</li> <li>· Enhancement of monitoring and enforcement measures through capacity building of responsible government units and clarifying the roles and responsibilities in the governance structure of multi-stakeholder;</li> <li>· Recent development and implementation of MOEF's procedures and technical guidelines for implementation of regulations on sustainable peatland management and restoration involving participation of police, army, MOEF, local government, village leadership and NGOs;</li> <li>· MOEF's recent development of a national wide monitoring system for peatland fires and soil moisture serving as an early warning system for fire prevention and control; and</li> <li>· GOI's recent, permanent moratorium on the conversion for agriculture and plantations of designated primary forests and peatlands.</li> </ul>
Lack of political will, poor governance or corruption	Medium	<ul style="list-style-type: none"> <li>· The current president (second term until October 2024) has emphasized strong action to enhance sustainable peatland management as well as empowerment of communities to manage forests and natural resources;</li> <li>· The Minister of MOEF has been supportive and taken steps to promote peatland protection, GHG emission reduction and biodiversity conservation through the development, adoption and implementation of many regulations;</li> <li>· Promote the improvement on inter-sectoral coordination at national, provincial and local levels;</li> <li>· Promote and enforce existing conservation-related regulations, build the capacity of relevant staff and institutions involved in peatland conservation, and to support the drafting and finalization of the sub-regulation</li> </ul>

		<p>ervation, and to support the drafting and finalization of the sub-regulations specifically related to conservation and procedures to implement the Government Regulations on Protection and Management of Peatland Ecosystems (PP71/PP57), as well as mainstreaming biodiversity in the relevant regulations;</p> <ul style="list-style-type: none"> <li>· Linking project activities closely with national policies and regulations (e.g. PP71/PP57 on peat, No. 5/1990 and No. 41/1999 on forest, target to reduce GHG emission, APSMPE) and addressing issues prioritized by the national and provincial governments; and</li> <li>· IFAD will apply a zero-tolerance policy on corruption that will be supported by the development of a programme framework for transparency and publicity to be included in the Project Implementation Manual (PIM) and include obligatory measures to guide procurement and awarding of contracts, participation of representatives of end-users in bid assessments; and prompt communication to bidders of bid evaluation outcomes.</li> </ul>
<p>Potentially slow implementation of multi-stakeholder integrated management strategies  mitigation measures</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>· Establishment of a multi-stakeholder platform at provincial level for sustainable village development strategies integrating sustainable peatland and forest management options; and</li> <li>· Medium and/or short term plans in support of the RPPEG to be developed by provincial/local governments</li> </ul>
<p>Climate change risk including intensification of the periodic El Nino drought is anticipated to occur at some time during implementation of the project and could affect some aspects of project achievement</p>	<p>High</p>	<ul style="list-style-type: none"> <li>· Fire prevention by sustainable management and community stewardship, combined with better drought prediction and fire prevention measures;</li> <li>· Promote the use of peat tolerant and drought tolerant varieties for diversified livelihood activities related to crop plantations, in order to mitigate potential harvest loss due to climatic events.</li> <li>· Working closely with the Agency for Meteorology, Climatology and Geophysics (BMKG), to detect any early warning signs of El Nino and use the information to adjust the planning of activities especially in the fire prone regions to minimize disruption; and</li> <li>· Incorporate climate change adaptation practices in the workshops and awareness raising activities organized by the Project for local communities</li> </ul>
<p>Lack of willingness from</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>· Active consultation of indigenous peoples and local communities in t</li> </ul>

Lack of willingness from local stakeholders (including women and youth) to participate in the biodiversity conservation efforts, the capacity building, and the knowledge up taking and exchange activities	Low	<ul style="list-style-type: none"> <li>· Active consultation of indigenous peoples and local communities in the design and implementation of the project in all the targeted landscapes;</li> <li>· Development of an indigenous peoples plan (IPP) to guide proactive engagement of IP in project activities and ensure that the Project obtain Free Prior Informed Consent (FPIC);</li> <li>· Women and youth will be involved throughout the training and community livelihoods; and</li> <li>· Targeted interactive knowledge products will be developed to raise awareness on the benefits of alternative livelihood options, which also protect peatlands and forest ecosystems.</li> </ul>
COVID-19 risks and impacts on human resources & delays implementation of travel, workshops and capacity building activities.	Low	<ul style="list-style-type: none"> <li>· Conducting COVID19-related risk (e.g., challenges for stakeholder engagement and mobility) and opportunity (e.g., reductions in habitat fragmentation) analyses to inform project design and implementation to the potential effects of COVID-19;</li> <li>· Adopt COVID-19 mitigation measures (e.g., for managing travel, workshops etc.) in line with GOI policies and procedures; and</li> <li>· Provision of support for increasing food diversification under Component 2.</li> </ul>

According to the preliminary climate risk screening of the Project (see Annex 9), climate change risks and predicted impacts directly relevant to the proposed project are relatively high and may pose significant threats in the short and medium-term. Therefore, the project's success is sensitive to natural calamities including flood and El Niño induced drought, lower output of peatland production and, in the case of drought, the risk of peatland fires. Promotion of a transition from current agricultural production systems on peatlands to paludiculture is fully consistent with promotion of climate smart agriculture under peatland conditions. Support to peatland conservation, rewetting – in line with revised peatland regulations (PP57) that require rewetting to a water table depth of 40 cm – and fire prevention and control are direct responses to concerns of increased peatland and forest fires due to decreasing dry season rainfall and the shortening length of wet seasons.

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

The Project will be led by the Ministry of Environment and Forestry (MOEF), and multi-stakeholder engagement will be facilitated by relevant National Steering Committee and related provincial coordination committees. The Directorate-General (DG) of Pollution and Environmental Degradation Control holds the mandate for the overseeing the management of peatlands, including regulation of peatland water management in forests, plantations, community lands and protected areas. The DG Natural Resources and Ecosystem Conservation (*Ditjen Konservasi Sumber Daya Alam dan Ekosistem*, KSDAE) holds the mandate for ecosystem conservation and will work together in implementing the Project-with Directorate for Peatland Degradation Control under the Directorate General of Pollution and Environmental Degradation Control of MOEF which will act as the project manager. The DG of Natural Resources and Ecosystem Conservation will be mainly responsible for the implementation of biodiversity conservation capacity and management within the targeted conservation areas (i.e. GPNP and DSNP) as per the government mandate, and to be supported by the DG of Pollution and Environment Degradation Control, notably for the conservation efforts on peatland areas within and outside of the two targeted conservation areas. See Annex 8 for list of stakeholders and their respective mandates.

Project management units will be established at provincial and local levels. Details of the institutional structures and roles and responsibilities will be detailed during the detailed design stage. Component 3 (Output 3.1) will be coordinated with national and regional programmes related to knowledge management for sustainable management of forest and peatlands, including the ASEAN Secretariat and other ASEAN Member States as well as the Global Peatlands Initiative (GPI). The GEF7 project will have a National Project Management Unit, based in MOEF, along with Province and district level management units, based in provincial and district environmental agencies (DLHK and DLH), which will ensure the coordination of the project at national, province and district, and village level.

The national project management unit (NPMU) will be responsible for establishing the monitoring and evaluation (M&E) system in the first year of project implementation. Performance indicators and learning are essential ingredients for the Project to demonstrate progress and innovations for future replication and scaling up but also to reliably measure the effectiveness and impacts of protection efforts, and evaluate monitoring methods, which will provide a more robust evidence base to support decision making regarding conservation targets. The Project shall use its theory of change and log-frame to regularly monitor its own efficacy and provide periodic briefs to key policy makers. Project management will ensure the set-up of an online Management Information System (MIS) which will continuously track progress towards the agreed indicators. Effective coordination across the different teams within the PMU will be required to ensure updated information is provided in the project's MIS. Capacity building will be conducted to support the collecting of rigorous data for the project M&E. In line with IFAD's Strategic Framework 2016-2025 the Project will report impact at the corporate level, building on rigorous project-level evaluations.

TEKAD will be operated under the authority of MoV's Director General of Village Development and Community Empowerment, which will be delegated to the Directorate of Natural Resources and Applied Technology as the National Project Management Unit (NPMU). The NPMU will be responsible for the overall programme management, coordination, and oversight. At Provincial level, TEKAD PPIU will be established under Provincial Agency for Village Development (*Dinas Pemberdayaan Masyarakat Desa -DPMD*) and a Provincial Coordination Team will be established under the lead of the provincial Planning Agency (BAPPEDA) and consist of representatives of target Districts (*Organisasi Perangkat Daerah*, OPD), mainly to provide input to TEKAD organizer in implementing

activities to achieve project objectives that have been set. In addition, this coordination team also plays the role as a coordinating agency to all related OPD, particularly in the establishment of OPD sectoral policies in the future. The PIF has drawn on lessons learned from the development for the TEKAD Project and will closely link to the mechanisms established for linkage to Provincial, District and Village development.

The Project will build on and link with the ongoing GEF and non-GEF activities including those listed in Table 6 below.

**Table 6. Other On-going Activities in the Project Area**

<i>Project title</i> (activities)	Description
<i>Integrated Management of Peatland Landscape in Indonesia</i> (2020-2025)	GEF6-IFAD project which focuses on scaling up implementation of PP71/2014 - PP57/2016 at national level including zoning of peatland hydrological units according to utilisation and conservation zones and supporting biodiversity conservation and fire prevention and control in Northern Riau Province.
<i>Integrated Village Economic Transformation Project - Transformasi Ekonomi Kampung Terpadu</i> (TEKAD)	IFAD loan project in Indonesia, estimated to be launched in 2021 for village development in Indonesia (described earlier)
<i>Measurable Action for Haze-Free Sustainable Land Management in Southeast Asia</i> (MAHFSA, 2019-2024)	IFAD grant in Indonesia and other ASEAN countries which is supporting capacity building and knowledge exchange on peatland management and fire prevention in ASEAN Member States as well as support for developing an Investment framework for 2021-2030.
<i>Technical Assistance and Knowledge Exchange for Sustainable Management of Peatland Ecosystems in Malaysia</i> (TAKE-SMPEM, 2019-2022)	IFAD grant activities on Knowledge Exchange which is supporting documentation and exchange of Knowledge in Indonesia and Malaysia as well as sharing to selected peatland countries in the Congo basin countries.
<i>Generating Anticipatory Measures for Better Utilization of Tropical Peatlands</i>	USAID-UNEP project part of the broader Global Peatland Program.
<i>Indonesia Forest and Climate Support</i> (IFACs)	USAID project implemented in 2010-2014, which contributed in improving the management of natural tropical forest and peatlands and provided supports in conservation efforts to protect High Conservation Value (HCV) forest areas through Community Conservation and Livelihood Agreements (CCLA).
Activities to protect biodiverse rainforest in GPNP and improving the lives of communities surrounding the GPNP	The work of Alam Sehat Lestari (ASRI), an Indonesian non-profit organization supported by the US non-profit organization Health in Harmony.
<i>Ketapang Community Carbon Pools</i> (KCCP)	Project implemented by Fauna and Flora International (FFI) as part of the Southeast Asia Community Carbon Pools initiative. This initiative was implemented in Ketapang District, West Kalimantan and aimed at conserving the habitat of the endangered Bornean Orangutan ( <i>Pongo pygmaeus wurmbii</i> ) and reducing GHG emissions.

<i>Environmental Education and Animal Rescue Program mes focusing on Orangutan habitat conservation through Village Forest (Hutan Desa) initiative.</i>	Gunung Palung Orangutan Conservation Program (currently Yayasan Palung).
Developing a landscape approach with plantations and communities in Ketapang District.	Work by the Global Environment Centre and Earth equaliser (formerly Aidenvironment) in collaboration with the Ketapang District Government and the oil palm sector.
<i>Western Pacific Sustainable Peatland Management (SAGU)</i>	Upcoming IKI-funded project being developed by GEC, CIFOR, UNEP, Wetlands International, Kemitraan, SNV and International Tropical Peatland Center (ITPC) looking at peatlands in Indonesia, Malaysia and PNG. The project is estimated to start in Q4 2022
Assessing and mapping peatland hydrological units in selected districts and provinces of Indonesia	The work of Peatland Directorate of MOEF
<i>Strengthening sustainability in commodity and food-crop value chains, land restoration and land use governance through integrated landscape management for multiple benefits in Indonesia</i>	Project being developed by UNDP and FAO in the framework of the GEF Food Systems, Land Use and Restoration Impact Program (FOLUR-IP).

Further mapping will be undertaken during the detailed design phase when consultations will be made with the related projects to ensure appropriate linkages and synergies will be incorporated into the full project design.

A table comparing GEF4, GEF5, GEF6 projects and the proposed GEF7 project can be found in Annex 3.

## 7. Consistency with National Priorities

**Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions?**

Yes

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

The selection of activities and outputs have been made in line with the Indonesian government priorities for Indonesia; in particular drawing on the results of work for peatland mapping undertaken by the Peatland Directorate in Indonesia. Strong linkages are also made with the large scale work of the Ministry of Village Underdeveloped Regions and Transmigration through the co-financed TEKAD project to ensure that the projects are closely integrated with the priority development activities and priorities in the targeted region.

Specifically, preventing the degradation of biodiversity-rich peatlands and encouraging rehabilitation conservation, will contribute towards the fulfilment of Indonesia's obligations under the Convention of Biological Diversity (CBD). As an active party to the CBD, Indonesia has adopted a national Biodiversity Strategy and Action Plan (IBSAP) 2015-2020. The IBSAP targets and indicators to which the project contributes can be found in Table 2, in the section 1.vi above). It is foreseen for the project to be in line with the updated IBSAP, estimated to cover the period 2020-2030, as well as the ASEAN Peatland Management Strategy currently being updated for the period 2021-2030.

The Project is also aligned with Indonesia's National Medium-Term Development Plan (RPJMN) 2015-2020, National Plan for Protection and Management of Peatland Ecosystems in Indonesia (RPPEG 2020-2049), National REDD+ Strategy, National/Government Regulation on Protection and Management of Peatland Ecosystems PP 71/2014 revised through PP 57/2016 and sub-regulations P.14/2017; P.15/2017; P.16/2017; P.17/2017; P.12/2015; SK129/2017; and SK130/2017; as well as Provincial Medium-term Development Plan (RPJMD) and the existing Spatial Planning (RTRW). See the detailed description in Annex 1 of the regulations relevant to the sustainable management of peat swamps and forests.

The Project also supports the Brazzaville Declaration signed in March 2018, between Indonesia and the Congo basin countries, an historical agreement which promotes better management and conservation of these globally important biodiversity-rich ecosystems. The ITPC to be based in Indonesia was subsequently launched in October 2018.

In its Nationally Determined Contribution (NDC), Indonesia is committed to reduce its GHG emissions by 29% below the business as usual scenario by 2030 (or by 41% with international support), with 60% reduction from the forest management sector, which includes forest and peatland management and fires which contribute over 60% of Indonesia's GHG emissions.

## 8. Knowledge Management

**Outline the knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.**

Under the project's knowledge exchange (KE) output 3.1, the Project has the following three objectives: (i) influence national policies to increase financing to scale up forest and peatland conservation and related management activities; (ii) strengthen project implementation through building the capacity of relevant staff and institutions involved in peatland conservation as well as harmonize activities of implementation partners including co-financiers sharing project practices; and (iii) enhance knowledge of local communities particularly on conservation and related sustainable management of forest and peatlands

The project's main KM approaches and tools will be to: (i) establish a Management Information System (MIS) in the first year of project implementation; (ii) establish a functioning M&E system closely linked to the MIS; (iii) develop and implement a KM and communication plan; (iv) facilitate linkages with other relevant on-going initiatives (e.g., ASEAN Programme on Sustainable Management of Peatland Ecosystems (APSMPE), the International Tropical Peatland Center (ITPC) and the Global Peatland Initiative (GPI); (v) monitor and continuously upgrade the KM and communication plan; and (vi) raise awareness of local communities and the public on key peatland biodiversity aspects, as well as conservation practices and alternative sustainable livelihood practices

The Project would also include a number of technical workshops and consultations at the national level to review and assess activities and outputs of the Project and discuss how they can be better translated into long-term outcomes. A project website would be developed where documents could be stored and shared with project partners, regional initiatives and general public. The experiences of the Project would be further disseminated by posting regular reports on a project website and relevant portals.

Anticipated KM products include policy briefs, project briefs, and technical guidelines including infographics on forest and peatlands issues and articles, and via user-friendly and accessible electronic media using mobile technology and websites. Further products will be identified during the detailed design phase and as part of the project activity of developing KM and communication plan.

## 9. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

**Overall Project/Program Risk Classification\***

PIF

CEO Endorsement/Approval MTR

TE

Medium/Moderate

**Measures to address identified risks and impacts**

Provide preliminary information on the types and levels of risk classifications/ratings of any identified environmental and social risks and potential impacts associated with the project (considering the GEF ESS Minimum Standards) and describe measures to address these risks during the project design.

The Project is classified as Category B (moderate risk) consistent with IFAD's Social, Environmental and Climate Assessment Procedures (SECAP). Project activities, which will largely focus on biodiversity conservation through policies and plans, are expected to generate positive environmental and social outcomes that will have long-term environmental and social benefits and ensure sustainability of the project. Where adverse impacts may occur, mostly through activities related to afforestation, reforestation, and diversification of community livelihoods, the impacts are expected to be small scale, temporary, local in nature, and can be addressed with known mitigation measures. The climate risk classification for the project is high given the geographical location of the project which is a low-lying area prone to floods, saltwater intrusion from sea level rise and typhoons. An in-depth climate risk analysis will be carried out during project design and feasible and cost-effective climate adaptation measures will be integrated into the project design. Given that the specific nature and scope of activities under Component 2 together with their specific geographical locations will be community driven and known during project implementation, an Environmental and Social Management Framework (ESMF) together with its associated Environmental and Social Management Plan (ESMP) will be prepared during the project design. The ESMF will also include measures to integrate traditional knowledge owned by the local and customary communities in the targeted project landscapes in line with the *Tkarihwaí:ri Code of Ethical Conduct on Respect for the Cultural and Intellectual Heritage of Indigenous and Local Communities Relevant for the Conservation and Sustainable Use of Biological Diversity* adopted under the framework of the Convention on Biological Diversity. This will ensure that knowledge managed at the community level complies with the code of ethics and that the ownership of the traditional knowledge remain attached to the communities who have generated it. (Preliminary results of environmental, social and climate risks screening can be found in Annex 9).

Upload available ESS supporting documents.

**Title**

**Submitted**

PIF-10731-Indonesia-Annex 9-ESS

### Part III: Approval/Endorsement By GEF Operational Focal Point(S) And GEF Agency(ies)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).

Name	Position	Ministry	Date
Ms. Laksmi Dhewanthi	GEF Operational Focal Point and Senior Advisor to the Minister for Industry and International Trade	Ministry of Environment and Forestry	10/16/2020
Annex 1	Theory of Change		10/19/2020
Annex 2	GHG emission reduction calculation		10/19/2020
New Annex 1	Regulations Relevant to the Sustainable Management of Peat Swamps and Forests		4/6/2021
New Annex 2	Description of Proposed Protected Areas in West Kalimantan Province for Selection as Project Landscapes		4/6/2021
Annex 3	Comparison between GEF4, GEF5, GEF6 and the proposed GEF7 project		4/6/2021
Annex 4	Lessons-learned and Main Findings from Previous Projects (GEF4, GEF5, GEF6 and related IFAD grants) which will Inform the GEF7 CER Design		4/6/2021
Annex 5	Profile of TEKAD Project		4/6/2021
Annex 6	GHG Emission Reduction calculation (Core Indicator 6.1)		4/6/2021
Annex 7	Climate Change Predictions Profile		4/6/2021
Annex 8	List of Stakeholders and Mandates		4/6/2021
PIF - clean	Final clean PIF for Indonesia CoPLI		4/6/2021
PIF - tracked	Final tracked PIF for Indonesia CoPLI		4/6/2021

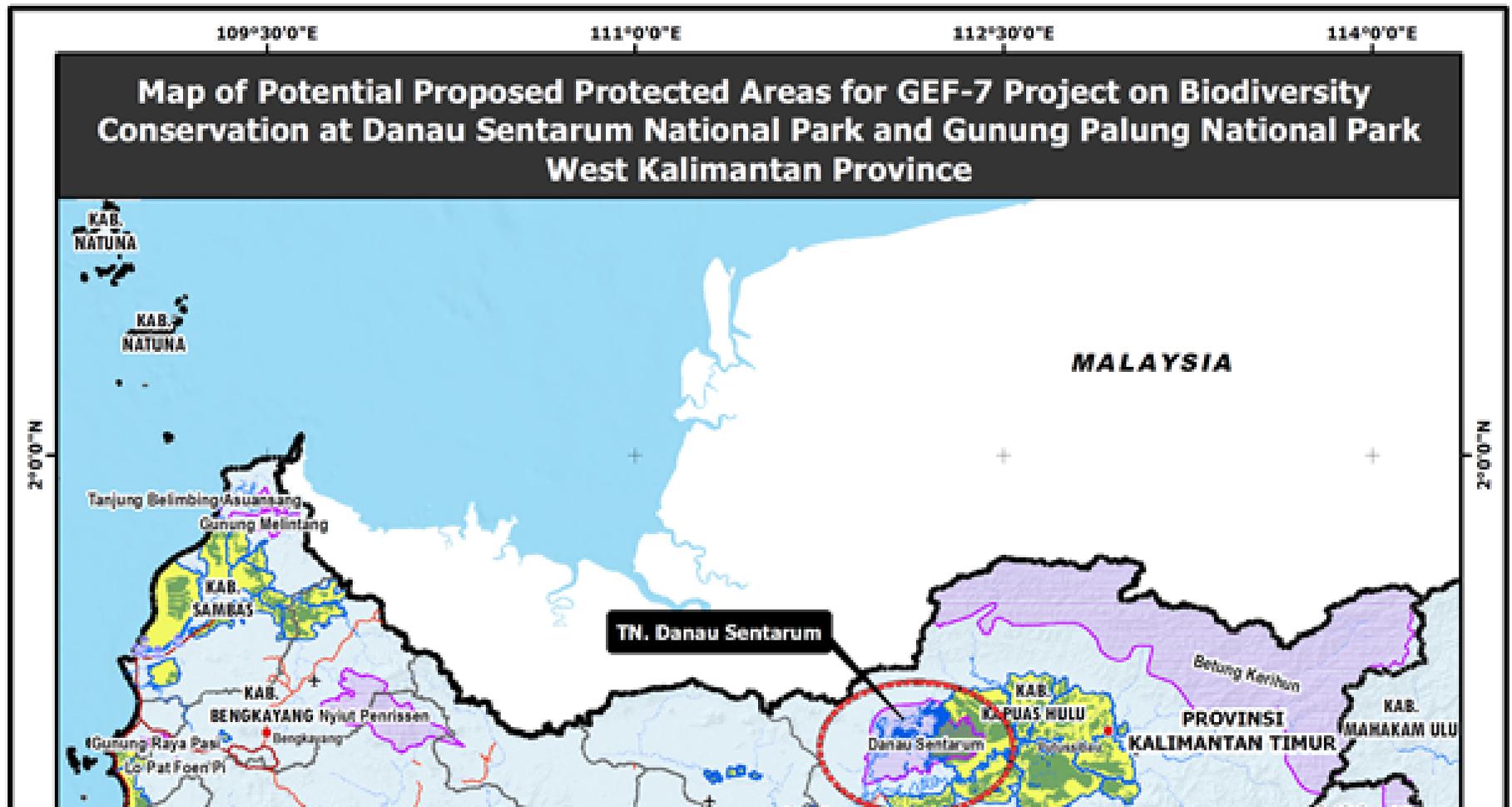
Review sheet	Project GEFSEC review sheet with IFAD responses	4/6/2021
Review sheet	Project GEFSEC review sheet with IFAD responses	4/20/2021
PIF - clean	Final clean PIF for Indonesia CoPLI	4/20/2021
PIF - tracked	Final tracked PIF for Indonesia CoPLI	4/20/2021
Review sheet	Project GEFSEC review sheet with IFAD responses	4/22/2021
PIF - clean	Final clean PIF for Indonesia CoPLI	4/22/2021
PIF - tracked	Final tracked PIF for Indonesia CoPLI	4/22/2021
Review sheet	Project GEFSEC review sheet with IFAD responses	4/27/2021
PIF - clean	Final clean PIF for Indonesia CoPLI	4/27/2021
PIF - tracked	Final tracked PIF for Indonesia CoPLI	4/27/2021

## ANNEX A: Project Map and Geographic Coordinates

Please provide geo-referenced information and map where the project intervention takes place

The Project will work at the national and sub-national levels in Indonesia. In the latter, the potential identified project areas will encompass peatland biodiversity “hotspots” inside and in proximity to two national parks in West Kalimantan Province, as well as potential scaling up to other districts in Indonesia via the complementary TEKAD project and other relevant projects. Specifically, proposed site level actions are expected to take place mainly in and around: (i) the Gunung Palung National Park (GPNP) and the adjacent Sungai Putri Peatlands (North Kayong and Ketapang Districts) and (ii) Danau Sentarum National Park (DSNP; Kapuas Hulu District). The respective geolocation ID numbers are (i) 1633024, S 1°13'00" E 110°08'00", and (ii) 11184796, N 0°51' 45"E 112°11'13" (source: geonames.org). See Figure 1 and Table 3 below for more detail.

Figure 1: Map of Gunung Palung National Park (GPNP) and Danau Sentarum National Park (DSNP) in West Kalimantan (source: Directorate General for Pollution and Environment Degradation Control-MOEF, 2021).





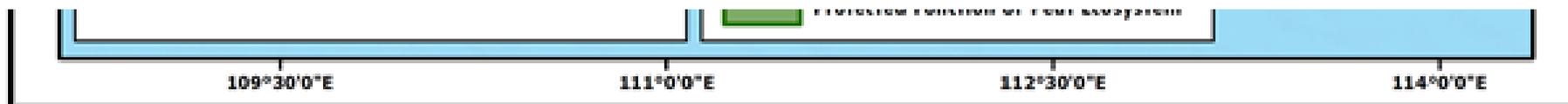


Table 3. Total Area of Proposed Locations for GEF7 Project based on Peatland Ecosystem Function

N o.	Conservation Area	Name of PHU	Peatland Ecosystem Function	Province	District	Hectare (Ha)
1	Danau Sentarum National Park	PHU Sungai Belitung-Sungai Kapuas	Peatland Ecosystem Protection function	West Kalimantan	Kapuas Hulu	31,442
		Non-PHU	Non-PHU		Kapuas Hulu	95,966
		<b>Total for Danau Sentarum National Park</b>				
2	Gunung Palung National Park	PHU Sungai Matan-Sungai Rantaupanjang	Peatland Ecosystem Protection function	West Kalimantan	Kayong Utara	13,219
		PHU Sungai Siduk-Sungai Rantaupanjang	Peatland Ecosystem Protection function		Kayong Utara	17,725
		PHU Sungai Tolak-Sungai Siduk	Peatland Ecosystem Protection function		Ketapang	31
		Non-PHU	Non-KHG		Kayong Utara	58,877
					Ketapang	18,175
<b>Total Area for Gunung Palung National Park</b>					<b>108,028</b>	
<b>Total Area (Danau Sentarum NP and Gunung Palung NP)</b>						<b>235,426</b>

The exact locations and target areas of the Project will be finalised and refined through the design process, during which a detailed technical and stakeholder assessment will be undertaken to select the targeted landscapes. Five guiding elements will be considered: (i) the location of existing and planned protected areas, (ii) the location and status of peatland ecosystems and peatland hydrological units, (iii) the targeted districts allocated funding under identified co-financing; (iv) evidence of on-going and future project support for diversified livelihoods; and (v) national and provincial government priorities.

