Strengthening Sustainability in Commodity and Food-Crop Value Chains, Land Restoration and Land Use Governance through Integrated Landscape Management for Multiple Benefits in Indonesia

Part I: Project Information

Name of Parent Program
Food Systems, Land Use and Restoration (FOLUR) Impact Program

GEF ID
10238

Project Type
FSP

Type of Trust Fund
GET

CBIT/NGI
CBIT **No**
NGI **No**

Project Title
Strengthening Sustainability in Commodity and Food-Crop Value Chains, Land Restoration and Land Use Governance through Integrated Landscape Management for Multiple Benefits in Indonesia

Countries
Indonesia

Agency(ies)
UNDP, FAO

Other Executing Partner(s)
Coordinating Ministry of Economic Affairs (CMEA)

Executing Partner Type
Government

GEF Focal Area
Multi Focal Area

Taxonomy
Demonstrate innovative approache, Influencing models, Strengthen institutional capacity and decision-making, Convene multi-stakeholder alliances, Communications, Stakeholders, Awareness Raising, Behavior change, Private Sector, Large corporations, Financial intermediaries and market facilitators, Civil Society, Academia, Community Based Organization, Non-Governmental Organization, Indigenous Peoples, Local Communities, Type of Engagement, Consultation, Information Dissemination, Participation, Partnership, Beneficiaries, Land Degradation, Focal Areas, Land Degradation Neutrality, Land Productivity, Land Cover and Land cover change, Sustainable Land Management, Restoration and Rehabilitation of Degraded Lands, Sustainable Agriculture, Gender Equality, Integrated Programs, Food Systems, Land Use and Restoration, Sustainable Commodity Production, Smallholder Farming, Landscape Restoration, Comprehensive Land Use Planning, Sustainable Food Systems, Integrated Landscapes, Food Value Chains, Deforestation-free Sourcing, Capacity, Knowledge and Research, Gender results areas, Access to benefits and services, Participation and leadership, Capacity Development, Gender Mainstreaming, Women groups, Sex-disaggregated indicators, Gender-sensitive indicators, Enabling Activities, Knowledge Exchange, Learning, Adaptive management, Indicators to measure change, Theory of change, Knowledge Generation, Innovation

Rio Markers
Climate Change Mitigation
Climate Change Mitigation 2

Climate Change Adaptation
Climate Change Adaptation 0

Submission Date
12/11/2020

Expected Implementation Start
11/1/2021

Expected Completion Date
10/31/2027

Duration
72In Months

Agency Fee($)
1,459,238.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount($)	Co-Fin Amount($)
IP FOLU	Transformation of food systems through sustainable production, reduced deforestation from commodity supply chains, and increased landscape restoration	GET	16,213,762.00	132,510,462.00
		Total Project Cost($)	**16,213,762.00**	**132,510,462.00**

B. Project description summary

Project Objective

To transform the management of oil palm, cocoa, coffee, and rice-based food systems and landscapes in Indonesia for the generation of multiple environmental benefits.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Component 1: Enabling environment for sustainable value chains and integrated landscape management	Technical Assistance	**Outcome 1**: Strengthened policy and planning frameworks for integrated landscape management, commodity and/or crop value chains and landscape governance at national and sub-national levels, informed by multi-stakeholder engagement, as measured by: - **Improved consistency and relevance of policies in the project jurisdictions**, as indicated by at least 30% of policies assessed in the project jurisdictions, on issues of relevance to ILM and sustainable food systems, lead to higher score of using the policy assessment scorecard - **Improved multi-stakeholder collaboration in integrated landscape management and value**	**Output 1.1.** Policy analyses and proposals developed for national and/or sub-national level policies, regulations, or government programs to improve commodity/crop value chain and to ensure the implementation of conservation agriculture and/or protection of essential ecosystems **Output 1.2.** Strengthened multi-stakeholder dialogue mechanisms on landscape management and sustainable commodity/crop production **Output 1.3.** Sustainable action plans on cocoa, coffee and rice that also include strategies for strengthening farmer support systems formulated, adopted, and initial implementation monitored **Output 1.4.** Decision support tools for informing policy formulation and planning developed and/or strengthened	GET	5,532,300.00	45,200,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Component 2: Promotion of sustainable crop production practices and responsible value chains	Investment	**Outcome 3:** Sustainable and responsible investment and finance through public-private-community partnerships leveraged for implementation of sustainable value chains, as measured by: - **Strengthened implementation of sustainable value chains**, as indicated by USD 1 million disbursed for smallholder farmer households (at least 10% of each crop) in the project jurisdictions, of which at least 10% are female-led households - **Expanded private sector involvement**, as indicated by 18,000 ha and 14,000 farmer households involved in PPPs and/or PPCPs to strengthen sustainable production	**Output 3.1.** Mechanisms available to farmers to provide finance/credit for sustainable production incorporating eligibility criteria based on sustainability **Output 3.2.** Facilitating improved public-private-community collaboration and partnerships to strengthen sustainable production and value chains **Output 3.3.** Open innovation challenge introduced to identify solutions that can be scaled to address strategic issues **Output 4.1.** Best practice traceability aproaches demonstrated, involving supply chain actors at a jurisdictional level and incentivises participation of independent smallholders, e.g., through access to finance, credit scoring, training, etc. **Output 4.2**. Guidance on grading for value additions developed for oil	GET	5,158,112.00	42,400,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Component 3: Conservation and restoration-rehabilitation of natural habitats	Investment	**Outcome 6:** Participatory models of management and incentive mechanisms catalysing biodiversity conservation, land/habitat restoration and improved governance of priority ecosystems enabled in target districts, as measured by: - **Extent of participatory governance of priority ecosystems**, as indicated by 50,000 ha and 5,000 households (including 500 female-led households) covered by management plans with incentive mechanisms that are under implementation - **Livelihood diversification through gender-sensitive social forestry interventions that are shown to reduce pressures on natural resources**, as	**Output 6.1.** Detailed plans for conservation, restoration and sustainable management of priority degraded ecosystems formulated and adopted in target districts **Output 6.2.** Participatory models for conservation, restoration and sustainable management (e.g., social forestry?s Customary Forest and Village Forest) for critical ecosystems implemented in target districts, taking advantage of available incentive mechanisms **Output 6.3**. Strengthened collaborative governance mechanisms and capacities supporting effective conservation and restoration-rehabilitation	GET	2,035,356.00	16,450,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Component 4: Knowledge management, coordination, collaboration, and monitoring & evaluation	Technical Assistance	**Outcome 7:** Integrated knowledge management, coordination, and collaboration to enhance knowledge of factors to foster lessons learns for replication in other areas, as measured by: - **Documentation of sustainable production and sustainable landscape management associated knowledge**, as indicated by (a) 20 knowledge products (at least 5 highlighting gender mainstreaming), (b) 20 communication pieces/stories (c) 5 traditional knowledge databases, and (d) 2 research papers developed or strengthened - **Expanded FOLUR Community of Practice**, as indicated by (a) 10 country	**Output 7.1.** Project implementation overseen through proactive steering committee functions and inclusive monitoring and evaluation **Output 7.2.** Inclusive participation of local communities, including women and traditional peoples, facilitated through effective implementation of environmental and social management plan **Output 7.3.** Adaptive management methodology developed to monitor, evaluate and respond to causal impacts and systemic change **Output 7.4.** Knowledge management and outreach system developed for supporting scaling out across jurisdictions/provinces and nationally, regionally and globally **Output 7.5.** Participation in Global FOLUR community of practice and other relevant platforms on knowledge and lessons exchanges	GET	2,715,910.00	22,150,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
				Sub Total ($)	**15,441,678.00**	**126,200,000.00**
Project Management Cost (PMC)						
				GET	772,084.00	6,310,462.00
				Sub Total($)	**772,084.00**	**6,310,462.00**
				Total Project Cost($)	**16,213,762.00**	**132,510,462.00**

C. 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($)
Recipient Country Government	Coordinating Ministry for Economic Affairs (CMEA)	Grant	Recurrent expenditures	517,241.00
Recipient Country Government	Ministry of National Development Planning (BAPPENAS)	Grant	Recurrent expenditures	3,000,000.00
Recipient Country Government	Ministry of Agriculture (MoA)	Public Investment	Investment mobilized	27,590,000.00
Recipient Country Government	Ministry of Environment and Forestry (MoEF)	Public Investment	Investment mobilized	14,950,000.00
Recipient Country Government	Indonesian Palm Oil Fund Management Agency (BPDPKS)	Grant	Investment mobilized	50,000,000.00
GEF Agency	UNDP	Grant	Recurrent expenditures	5,000,000.00
GEF Agency	FAO	Grant	Investment mobilized	3,222,073.00
GEF Agency	FAO	In-kind	Recurrent expenditures	131,148.00
Private Sector	Unilever	Grant	Investment mobilized	6,000,000.00
Private Sector	Mondelez	Grant	Investment mobilized	10,000,000.00
Donor Agency	GIZ	Grant	Investment mobilized	11,000,000.00
Private Sector	Olam	Grant	Investment mobilized	1,100,000.00

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
			Total Co-Financing($)	132,510,462.00

Describe how any "Investment Mobilized" was identified

Government: Co-financing from the Government of Indonesia confirms high level commitment to create enabling conditions for transformational change in sustainable commodity and crop supply chains and improvements in land governance through reducing loss of high conservation value and high carbon stock forests. The grant/public investment co-financing contributions from CMEA, BAPPENAS, MoA, and MoEF are represented by complementary programmes and investments under the 2020-2024 Medium Term Development Plan and sector strategies. The investments mobilized through the co-financing contribution from the BPDPKS are linked to the contributions the agency makes to foster development and sustainability of the palm oil sector, through replanting support for smallholder farmers, human resource development, promotion of good agricultural practices, and advocacy and communications. Private sector: Three private sector companies have committed investment mobilized co-financing: Unilever, Mondelez, and Olam. The contributions from Olam are connected to their investments in farm diversification and integrated landscape approaches for coffee and cocoa in several provinces, including Aceh, North Sumatera, and South Sulawesi. Olam?s investments include enhancing farmer capacity, establishing seedling nurseries, demonstration farms, and mapping, surveying, and verifications. The investments from Mondelez are associated with their Cocoa Life Programme, specifically regarding strengthening capacities of local farmers, enhancing sustainability of commodity supply chains, and safeguarding globally significant biodiversity and ecosystem services. The co-financing from Unilever is linked to their efforts supporting jurisdictional approaches and landscape partnerships aimed at enhancing sustainable and deforestation-free supply chains, and also conservation of critical ecosystems in the country, including in the FOLUR target jurisdictions of Aceh and North Sumatera. UNDP and FAO: The grant co-financing contributions by UNDP will help ensure exchange of lessons and effective utilization of available resources on parallel programmes related to pilot interventions on sustainable palm oil production, land use planning, landscape management, rehabilitation and protection of forests and biodiversity through participatory approaches. UNDP Indonesia will also play an important role in catalysing multi-stakeholder partnerships in coordination with the project Implementing Partner. FAO?s co-financing commitments include grant contributions associated with synergies on projects and programmes, including initiatives on strengthening forest and land monitoring or climate actions, resilient and sustainable food systems, and family farming. The in-kind co-financing from FAO represents staff time contributions for programme management and operational support. Donor Agency: The contributions committed by GIZ are associated with German Technical Cooperation projects that GIZ implementing on behalf of the German Federal Ministry for Economic Cooperation and Development. Specific interventions that are consistent with the FOLUR IP objectives include the Sustainable Agricultural Supply Chains in Indonesia (SASCI) project, Sustainability and Value Added in Agricultural Supply Chains ? Country Project Indonesia, and the Supporting Smallholder Coffee Growers in Southeast Asia project.

D. 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($)	Fee($)
UNDP	GET	Indonesia	Biodiversity	BD STAR Allocation	5,992,661	539,339
UNDP	GET	Indonesia	Land Degradation	LD STAR Allocation	683,945	61,555
UNDP	GET	Indonesia	Climate Change	CC STAR Allocation	1,326,147	119,353
FAO	GET	Indonesia	Biodiversity	BD STAR Allocation	2,064,220	185,780
FAO	GET	Indonesia	Land Degradation	LD STAR Allocation	183,486	16,514
FAO	GET	Indonesia	Climate Change	CC STAR Allocation	458,716	41,284
FAO	GET	Indonesia	Multi Focal Area	IP FOLU Set-Aside	1,353,211	121,789
UNDP	GET	Indonesia	Multi Focal Area	IP FOLU Set-Aside	4,151,376	373,624
				Total Grant Resources($)	**16,213,762.00**	**1,459,238.00**

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

F. Project Preparation Grant (PPG)

PPG Required **false**

PPG Amount ($)

300,000

PPG Agency Fee ($)

27,000

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)
UNDP	GET	Indonesia	Biodiversity	BD STAR Allocation	200,000	18,000
UNDP	GET	Indonesia	Climate Change	CC STAR Allocation	50,000	4,500
UNDP	GET	Indonesia	Land Degradation	LD STAR Allocation	50,000	4,500
				Total Project Costs($)	**300,000.00**	**27,000.00**

Please provide justification

NIL

Core Indicators

Indicator 3 Area of land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0.00	20000.00	0.00	0.00

Indicator 3.1 Area of degraded agricultural land restored

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

Indicator 3.2 Area of Forest and Forest Land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	20,000.00		

Indicator 3.3 Area of natural grass and shrublands restored

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

Indicator 3.4 Area of wetlands (incl. estuaries, mangroves) restored

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

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)
0.00	1520900.00	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)
	1,474,000.00		

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)

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)

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)
	46,900.00		

Documents (Please upload document(s) that justifies the HCVF)

Title	Submitted

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?e (direct)	0	41495405	0	0
Expected metric tons of CO?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?e (direct)		41,495,405		

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO?e (indirect)				
Anticipated start year of accounting		2021		
Duration of accounting		20		

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)
Expected metric tons of CO?e (direct)				
Expected metric tons of CO?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)
Target Energy Saved (MJ)				

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)

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		53,800		
Male		49,200		
Total	0	103000	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

The estimations of the GEF 7 Core Indicator end targets were made in 2020 when the COVID-19 pandemic was spreading. The estimates were reviewed by the governmental partners and other stakeholders. COVID-19 considerations were taken into account when the government issued their co-financing letter and, therefore, possible budget reprioritization as a result of COVID-19 is not expected to affect the estimates of the end targets. Restoration targets (Core Indicator 3): The project will identify and implement natural restoration interventions in at least 20,000 ha of degraded forest areas within the production forest (i.e. Permanent Production Forest, Limited Production Forest, Convertible Production Forest) and/or in other land uses (APL) to protect and improve the ecosystem functions. Note that the project will target forest areas that are ?largely degraded?, which will become ?extremely degraded? without restoration interventions; the objective is to pursue natural rehabilitation process to shift the areas into ?low degradation? state. Priority will be given to degraded peatlands and buffer-zones such as riparian or areas bordering with Protection or Conservation Forests. The target for Core Indicator 3 has been developed through consultations with the Ministry of Environment and Forestry (MoEF). The planned restoration activities will demonstrate innovative, participatory approaches under the Social Forestry models (e.g., Village Forest and Customary Forest schemes). The 20,000-ha has been considered feasible, given the available GEF resources and parallel co-financing from the MoEF. Peatland ecosystems are included among the area of improved management practices expected under Core Indicator 4. Through the development of the integrated landscape management (ILM) plans in the target jurisdictions, opportunities will be evaluated for collaborating on peatland restoration interventions. Landscapes under improved practices (Core Indicator 4): The estimation of the end target for Sub-Indicator 4.1 (Area of landscapes under improved management to benefit biodiversity) is based on potential Essential Ecosystem Areas (KEE / Kawasan Ekosistem Esensial) in the five target jurisdictions. The project will focus on improving the management of KEE through the formulation and adoption of the jurisdictional integrated landscape management plans. KEE is defined as high ecosystem value areas located outside Conservation Area, which are ecologically important to maintain life support systems. There are four types of KEE: wetlands, wildlife corridors, biodiversity park, and high conservation value areas (HCVAs). Originally, the target for Core Indicator 4.1 was derived from improved management of approximately 20% of potential KEE in the project jurisdictions, which totalled 2.966 million ha. After various consultations with the governments, it was agreed that the target for improved management be reduced to approximately 10% of the potential KEE (equals to 1.474 million ha), considering that significant extent of the KEE are located within company concessions. During the development of the concept note, the area of avoided deforestation (Sub-indicator 4.4: Area of High Conservation Value forest loss avoided) was not estimated based on forest cover but rather on indicative set-aside targets. In the revised calculation,

the estimation is derived from the forecasted changes in forest cover within the target provinces against the business and usual (BAU) and FOLUR rates of deforestation. The targets for reduced-deforestation rates are different between set-aside and non-set aside areas for different ?stages? of the project, and they are split into: The first 4 years of the project is equal to the BAU rate (i.e. Year 1 ? 4) The last two years of the project implementation period (i.e. Year 5 ? 6) Post project period until 20 years after the baseline year (i.e. Year 7 ? 20) Additionally, the baseline year of the project has changed from 2017 (in the concept) to 2018 as the land cover data for 2018 issued by Indonesian Ministry of Environment and Forestry is now available. The revised end target for Sub-indicator 4.4 is 46,900 ha (by Year 20 after the baseline) of HCVF loss avoided, down from 582,520 ha estimated at the concept note stage. The difference is largely attributed to the reduction in the end target for Sub-Indicator 4.1. During the development of the concept note, the area of avoided deforestation (Sub-Indicator 4.4: Area of High Conservation Value forest loss avoided) was not estimated based on forest cover but rather on indicative set-aside targets. In the revised calculation made during the PPG, the estimation is derived from the forecasted changes in forest cover within the target provinces against business as usual (BAU) and envisaged rates of deforestation influenced by FOLUR interventions. The estimated 46,900 ha of HCVF loss avoided are distributed across the five target jurisdictions, with West Kalimantan Province accounting for more than half of the total (65,200 ha). The estimated breakdown of HCVF avoided and the assumptions made are described in Annex 17 (GHG and other core indicator calculations and estimations) to the Project Document. The actual locations of the areas of HCVF loss avoided will be determined through the integrated landscape management (ILM) planning processes in the target jurisdictions. The areas are expected to be in production landscapes, i.e., outside of protected areas. The likely category of HCV area is HCV-2, defined in the HCVRN guidance as ?Large landscape-level ecosystems, ecosystem mosaics and Intact Forest Landscapes (IFL)?. Primary forest is one of the areas that falls under this category. As outlined in the Project Document and described in more detail in the jurisdiction profiles (Annex 16), there were 10,889,978.76 ha of primary forest in FOLUR jurisdictions in 2018 (Aceh: 1,944,999 ha; North Sumatera: 578,201.22 ha; West Kalimantan: 2,225,619.60 ha; South Sulawesi: 578,744.56 ha; and West Papua: 5,562,414.50 ha). Estimated GHG emissions mitigated (Core Indicator 6): The calculation made for the concept note did not utilize the newest version of the FAO Ex-Ante Carbon-balance Tool (EX-ACT) when computing the carbon balance target. The annual emission reduction used was equal to BAUannual_emission minus FOLURannual_emission. The emissions calculation applied an average Above Ground Biomass (AGB) value of 182 tons per hectare (note that this AGB value follows the value of Sumatra?s lower range for dry and peat forests) times carbon coefficient of 3.667 for each ha of deforestation avoided in and outside set-aside areas. Similar to the approach used to estimate the target for Sub-Indicator 4.4, this calculation was not based forest cover but rather on the area of set-asides envisaged under the project. Moreover, the earlier calculation did not consider the mitigation benefits derived from the restoration efforts. In the

revised calculation below, the carbon balance calculation is derived from: Land use change in terms the reduction in forest cover loss with FOLUR interventions against BAU, considering the difference in rates of deforestation inside and outside areas under improved management (see explanation under Sub-Indicator 4.4 above). Referring back to the FAO EX-ACT (Version 8 - IPCC 2006 & 2014), the carbon balance from land use change is calculated as follows: START = is ?FC?_2018 ; WITHOUT = is the FCBAU; WITH = is the FCFOLUR Restoration of degraded areas as explained in Core Indicator 3. The estimated total greenhouse gas (GHG) emissions mitigated is 41,495,405 metric tons CO2e direct post project (20-yr estimate). Deforestation in Indonesia predominantly involves fire, often in peatland ecosystems, with the end conversion resulting in monoculture plantations, primarily oil palm. Considering these factors, reduction in deforestation entails substantial amounts of avoided GHG emissions. A target for lifetime indirect project GHG emissions mitigated is not established in the CEO Endorsement Request. Mainstreaming of the protection of Essential Ecosystem Areas / KEE (including protected peatlands) into land use and spatial planning outside the project jurisdictions will depend on government commitments and investments (especially from the MoEF). This is also the case with the replication of the restoration-rehabilitation efforts in the form of social forestry schemes, as well as strengthening of farmers support systems. The Government of Indonesia currently on reprioritizing operating budgets for the period of 2020 ? 2023 in response to economic disruptions caused by the COVID-19 pandemic. Considering these current circumstances there is a high level of uncertainty regarding governmental priority and financing for KEE protection, social forestry, and sustainable commodities. This has made it difficult to estimate the indirect lifetime GHG mitigation contribution for FOLUR project. Indirect project GHG emissions mitigated will be considered at the midterm stage of the project, in consultation with officials from BAPPENAS, CMEA, the MoEF, and the MoA on sector priorities and plans. Direct beneficiaries (Core Indicator 11): The estimated end of project target for the number of direct beneficiaries (GEF Core Indicator 11) is 103,000, of whom 53,800 are female (52%). The indicative figure in the concept note for direct beneficiaries (23,500) was based on the estimated number of smallholder farmers trained. The updated estimation considers the individuals in the households of smallholder farmers benefiting from capacity building activities (assuming four persons per household), and also on the estimated number of people in the local communities benefitting from the participatory models on conservation and restoration-rehabilitation. Detailed breakdowns of the core indicator end targets are presented in Annex 17 to the Project Document (GHG and other core indicator calculations). The project will also contribute to achievement of the targets outlined in the post-2020 global biodiversity framework , which was under development at the time of developing the Project Document. The project is aligned with the following draft 2030 Action Targets of the zero draft of the post-2020 global biodiversity framework: Target 1. By 2030, [50%] of land and sea areas globally are under spatial planning addressing land/sea use change, retaining most of the existing intact and wilderness areas, and allow to restore [X%] of degraded freshwater, marine and terrestrial natural ecosystems and connectivity among them. Target

7. By 2030, increase contributions to climate change mitigation adaption and disaster risk reduction from nature-based solutions and ecosystems-based approaches, ensuring resilience and minimizing any negative impacts on biodiversity. Target 9. By 2030, support the productivity, sustainability and resilience of biodiversity in agricultural and other managed ecosystems through conservation and sustainable use of such ecosystems, reducing productivity gaps by at least [50%]. Target 13. By 2030, integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies and accounts at all levels, ensuring that biodiversity values are mainstreamed across all sectors and integrated into assessments of environmental impacts. Target 14. By 2030, achieve reduction of at least [50%] in negative impacts on biodiversity by ensuring production practices and supply chains are sustainable. Target 17. By 2030, redirect, repurpose, reform or eliminate incentives harmful for biodiversity, including [X] reduction in the most harmful subsidies, ensuring that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity. Target 19. By 2030, ensure that quality information, including traditional knowledge, is available to decision makers and public for the effective management of biodiversity through promoting awareness, education and research. Target 20. By 2030, ensure equitable participation in decision-making related to biodiversity and ensure rights over relevant resources of indigenous peoples and local communities, women and girls as well as youth, in accordance with national circumstances.

Part II. Project Justification

1a. Project Description

1). Global environmental problems, root causes, and barriers that need to be addressed (system description)

***Context**:*

The Republic of Indonesia is the largest archipelagic country in the world, situated between the Indian and Pacific Oceans and having a combined land area of 1,904,569 km2, the fifth largest country by land area. Indonesia harbours some of the world?s most important areas of tropical forests, possessing substantial globally significant biodiversity. As reported in the Indonesian Biodiversity Strategy and Action Plan (IBSAP)[1][1] 2015-2020, the country contains 15% of the world?s mammals, 40% of lizard, 16% of bird species. These terrestrial ecosystems are also vital to the livelihoods of millions of vulnerable individuals living under poverty line.

Approximately 64% of Indonesia's total land area is classified as forest land[1] ? representing some of the largest carbon stocks in the world. The total forest area is approximately 120.3 million ha and non-forest area is 367.5 million ha. Roughly 18% of forest area is categorized as conservation forest, 25% as protection forest, 47% as production forest and 10% as convertible production forest. Yet, these mega-diverse forests are threatened by continuous deforestation and forest degradation. Forest governance is one of the persistent challenges faced by the country, intertwined with layers of nested jurisdictional systems, poverty, livelihood vulnerability and tenure insecurity. Additionally, competing land use priorities and allocations, especially for commodity and crop production, have led to more forest losses attributed to agricultural expansion into forests and protected peatlands. Unsustainable natural resource management has resulted in extensive land degradation; degraded land in Indonesia was estimated at 24.3 million ha in 2013.[2][2] The consequences of unsustainable forest and land management are having widespread impacts, e.g., an estimated 52% of national greenhouse gas (GHG) emissions are resulting from Agriculture, Forestry and Other land uses (AFOLU) including peat fire.[3][3][4][4]

As outlined in the 2016 First Nationally Determined Contribution (NDC), Indonesia?s plans to transform to a low carbon economy and build resilience into its food, water, and energy systems primarily comprise actions in the agriculture, forestry, and other land use (AFOLU) sectors:

? Sustainable agriculture and plantations

? Integrated watershed management

? Reduction of deforestation and forest degradation

? Land conversion

? Utilization of degraded land for renewable energy

? Improved energy efficiency and consumption patterns

There are considerable challenges associated achievement of these actions, as Indonesia is the largest producer of palm oil globally, and a top ten producer of cocoa, coffee, and rice. And as the largest country in Southeast Asia, with a population of approx. 270 million, the domestic demand for these commodities and crop are substantial.

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[1] Indonesia state of the forests, December 2020

[2] Republic of Indonesia ? Land Degradation Neutrality National Report, Jakarta 2015.

[3] Republic of Indonesia ? First Nationally Determined Contribution, November 2016.

[4] 2018 Biennial update report to UNFCCC

The unsustainable management of globally traded commodity crops (cacao, coffee and oil palm), and their expansion into forest areas, are leading to major impacts on globally important biodiversity, the degradation of soil and water resources, the loss of carbon stocks, and the degradation of watersheds that are vital for maintaining water flows to rice production areas. Rice production is itself a source of globally significant environmental impacts, in the form of the contamination of soil and globally-important aquatic ecosystems due to excessive and inappropriate use of agricultural chemicals, and the generation of methane (a potent greenhouse gas) from flooded paddy systems.

A narrow focus on the production of globally-traded cash crops by farmers is environmentally and socially unsustainable ? even in the case of perennial crops such as coffee and cacao that have the potential to yield environmental benefits if appropriately managed ? because of the volatility of global markets for these crops and their vulnerability to the effects of global climate change.

A large number of major global value chain actors have committed to sustainable sourcing of the products that they trade, in order to comply with corporate social and environmental responsibility

goals and to satisfy consumer requirements for sustainable production. This presents farmers with a major potential source of market-based incentives for sustainable production, but at present their ability to take advantage of this opportunity is constrained by their disconnection from these ?green? value chains and their limited technical capacities to satisfy their requirements in terms of environmental standards, product quality and reliability of supply.

Despite significant policy commitments to sustainability by the Government of Indonesia, there remain conflicting priorities. For instance, the Ministry of Agriculture has prioritised policies to support the availability of food staple, namely rice and corn, but also to accelerate export of strategic commodities. The government has also promoted utilisation of palm oil as a biofuel, further increasing concerns regarding encroachment into HCV/HCS ecosystems. Moreover, capacities, knowledge, tools, regulatory instruments and incentives for putting progressive policies into practice are still inadequately developed, and the agricultural and environmental sectors continue to be highly compartmentalized, lacking the integrated vision that is required if social and economic development and landscape management are to be sustainable.

Project purpose

The project specifically focuses on generating multiple benefits for biodiversity, climate change, and land degradation through integrated landscape management, sustainable and resilient commodity production and farming systems, and participatory restoration and forest governance. Oil palm, coffee and cocoa are three of the five globally-traded commodities specifically targeted by the FOLUR Impact Program, for which growing demand as sources of raw material for global commodity trade will increase deforestation risks worldwide; while rice is one of globally-important staple food crops, the sustainable global supply of which is jeopardized by environmental degradation, and the value chains of which are associated with loss of natural habitats, erosion of genetic diversity, overexploitation of land and water resources, overuse of chemical fertilizers and pesticides, increased greenhouse gas (GHG) emissions, and inefficient practices that lead to food loss and waste. Strengthening sustainability in these sectors in Indonesia would make substantive contributions towards transformation of global food systems, considering Indonesia is the largest producer of palm oil worldwide and a leading producer of cocoa, coffee, and rice, and the fact that the country contains vast areas of globally significant biodiversity and enormous carbon stocks within a complex array of forest and peatland ecosystems.

The project aims to foster and strengthen sustainable value chains of palm oil, coffee, cocoa and rice through implementation of a comprehensive landscape management approach integrating biodiversity conservation, ecosystem restoration and the sustainable production of cash and food crops at scale. The project has selected five target geographies, each one corresponding to provincial administration

boundary (jurisdiction) and containing one key district, considered the intervention landscape, based on the criteria below:

i. Production landscape that remains critical for GEBs but where remaining forests are threatened by expansion of commercial commodities.

ii. Production landscape/system for globally important food crops or livestock that creates major externalities.

iii. ?Frontier? landscape where opportunity exists to preempt expansion and get ahead of commercial-driven forest loss.

iv. Highly degraded landscape in need of restoration for the ecosystem services they provide to agriculture production.

-

The specific ways in which each of the target landscapes complies with these criteria are detailed in their respective jurisdictional profiles compiled in *Annex 16* to the Project Document.

Target jurisdictions:

Following these criteria above, the project will work in the following five provinces (as shown below in *Figure 1* of the Project Document): Aceh, North Sumatera, West Kalimantan, South Sulawesi, and West Papua. The cumulative size of the five provincial jurisdictions is approximately 41.5 million ha and the five districts roughly 3.2 million ha. Most of these jurisdictions still have large extent of remaining forest cover expanding ? 20.5 million ha of primary & secondary forests with valuable carbon sinks. However, these forests are being threatened by expansion and/or unsustainable management of oil palm, coffee, cocoa and rice.

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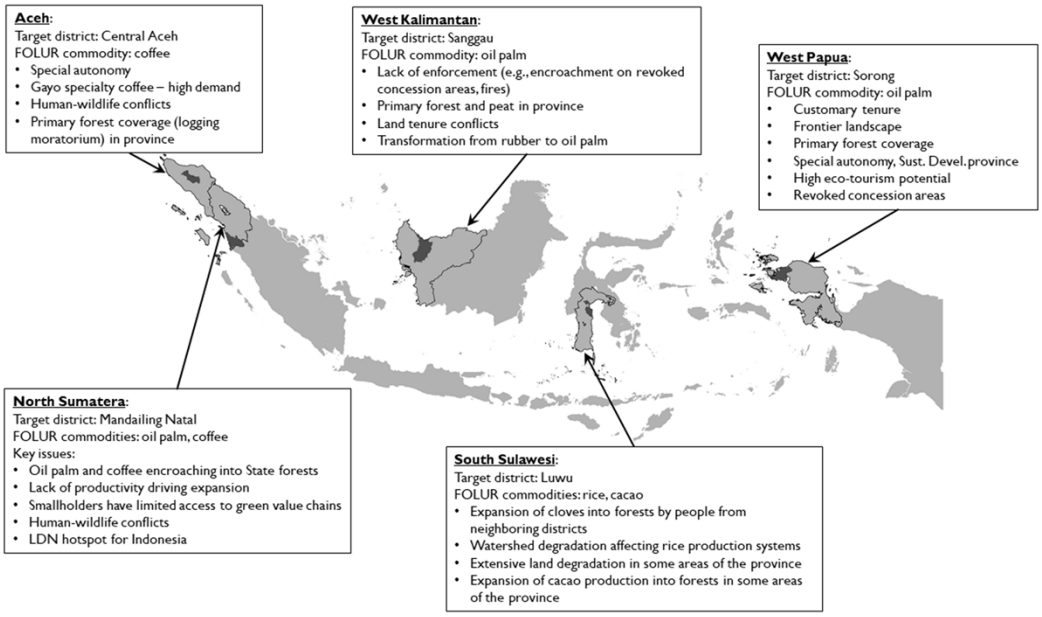
[1] Indonesian Biodiversity Strategy and Action Plan (IBSAP) 2015-2020, The Ministry of National Development Planning (BAPPENAS), 2016.

[2] Republic of Indonesia ? Land Degradation Neutrality National Report, Jakarta 2015.

[3] Republic of Indonesia ? First Nationally Determined Contribution, November 2016.



Project Document Figure 1: Country map showing project jurisdictions and main issues

Although, as shown above in *Figure 1* of the Project Document, priority crops/commodities have been identified for each of the target landscapes (coffee in Central Aceh, oil palm and coffee in North Sumatera, oil palm in West Kalimantan, rice and cacao in South Sulawesi and oil palm in West Papua), in reality each of the landscapes contain multiple landscape elements, crops and production systems, the interactions among which determine the nature of the landscape dynamics, threats and opportunities that will be addressed by the project. Rice, for example, is a staple food crop in all of the landscapes, despite being specifically prioritised in South Sulawesi; while Mandailing Natal district contains areas of cacao and rubber in addition to the priority crops of oil palm and coffee; and sago production is an important element of landscapes and food systems in West Papua.

Two of the five geographies ? Aceh and West Papua ? are often referred to Indonesia?s ?last frontiers? where potential deforestation is high mainly driven by reclassification of estate forest area to allow agriculture expansion. The project also contributes to Indonesia?s targets regarding land degradation neutrality (LDN), as North Sumatera is one of the three provinces identified as LDN hotspots in the national LDN country report[1]. The project landscapes include a large number of globally threatened and endemic species, as well as coinciding with a number of Key Biodiversity Areas (KBAs) and Important Bird Areas (IBAs).

[1] Indonesia ? Land Degradation Neutrality National Report, Jakarta, 2015.

Aceh (landscape: Central Aceh District):

Aceh Province contains extensive forest ecosystems and harbours globally significant biodiversity, including large populations of Sumatran Rhinoceros (IUCN Red list: Critically Endangered CR), Sumatran Tiger (IUCN Red list: CR), Sumatran Orangutan (IUCN Red list: CR), and other endangered species. Aceh is also one of the five largest coffee producing provinces, accounting for approximately 10% of the national production.[2] According to the data provided by the Ministry of Environment and Forestry, Aceh Province had 3,046,385 ha of forest coverage in 2018, comprising 3,345,006 ha of state forest and 2,285,033 ha of non-state forest/other land use area, as shown below in *Figure 2* of the Project Document. There were 2,562,208 ha of essential ecosystem areas within this forest designation in 2018.

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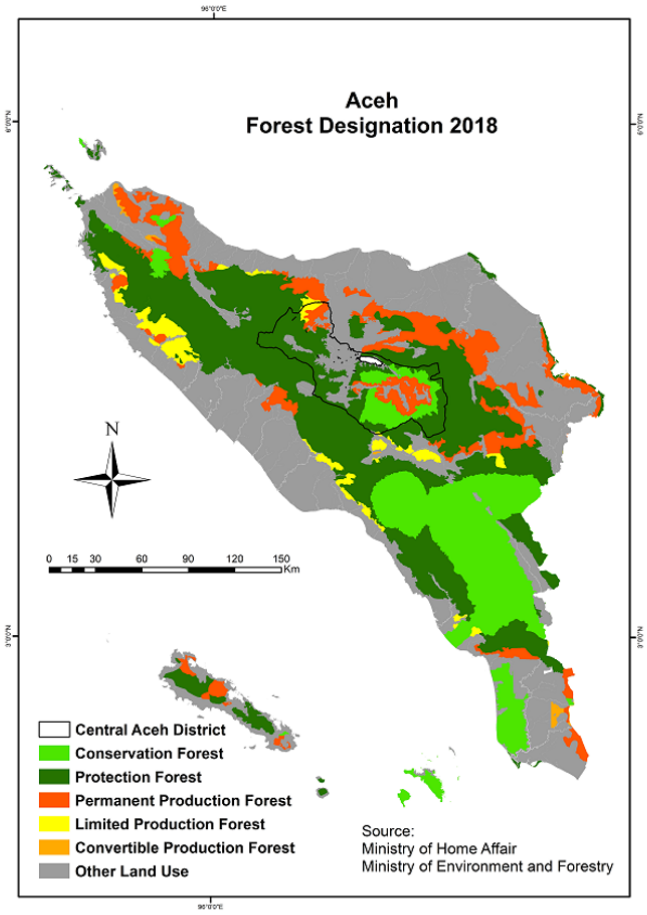
[1] Indonesia ? Land Degradation Neutrality National Report, Jakarta, 2015.

[2] Indonesian Coffee Statistics, Central Bureau of Statistics, 2017



Project Document Figure 2: Forest Designation 2018, Aceh Province

Peatlands are the largest natural terrestrial carbon reserves and of significance in the Aceh landscape. Peat swaps in Sumatera and Kalimantan are large and sequestering between 0.5 and 1.5 Mg/C/ha1 year-

1 in peat (Warren et al., 2017[1]). Additionally, peat forests in the two islands are high in biodiversity and important for various rare and endangered species such as Sumatran tigers, orangutans, leopards and so on. Peat swamp forests can also provide significant ecosystem services. However, peat forests continue to face deforestation and conversion predominantly for agriculture and commodity production purposes, utilizing extensive drainage and fire. Thus, opening of peat forests has led to massive GHG emissions in Indonesia. In fact, per unit area, GHG emissions from peatland conversion are higher than those from any other Indonesia?s LULUCF activity (Warren et al., 2017).

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[1] Warren et al, 2017. An appraisal of Indonesia?s immense peat carbon stock using national peatland maps: uncertainties and potential losses from conversion. Carbon Balance and Management. (2017) 12:12.

Loss of primary and secondary forests across Aceh Province comparing data from years 2013 and 2018 was 63,009 ha, and during the same time period the area of monoculture plantations expanded by 415,019 ha, from 177,823 ha in 2013 to 592,842 ha in 2018, as shown below in *Table 1* of the Project Document.

*Project Document Table 1: Land cover breakdown 2013 and 2018, Aceh Province**[1]***

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Water body	30,114	35,987
Airport/harbor	333	829
Shrub	685,748	569,540
Swamp Shrub	96,038	84,348
Primary Dry Land Forest	1,209,172	1,934,253
Secondary Dry Land Forest	1,748,707	988,675
Secondary Mangrove Forests	27,876	25,856
Primary Swamp Forest	8,541	10,746
Secondary Swamp Forest	115,098	86,855
Plantation Forest	47,260	53,605
Residence	20,991	140,815
Monoculture Plantation	177,823	592,842

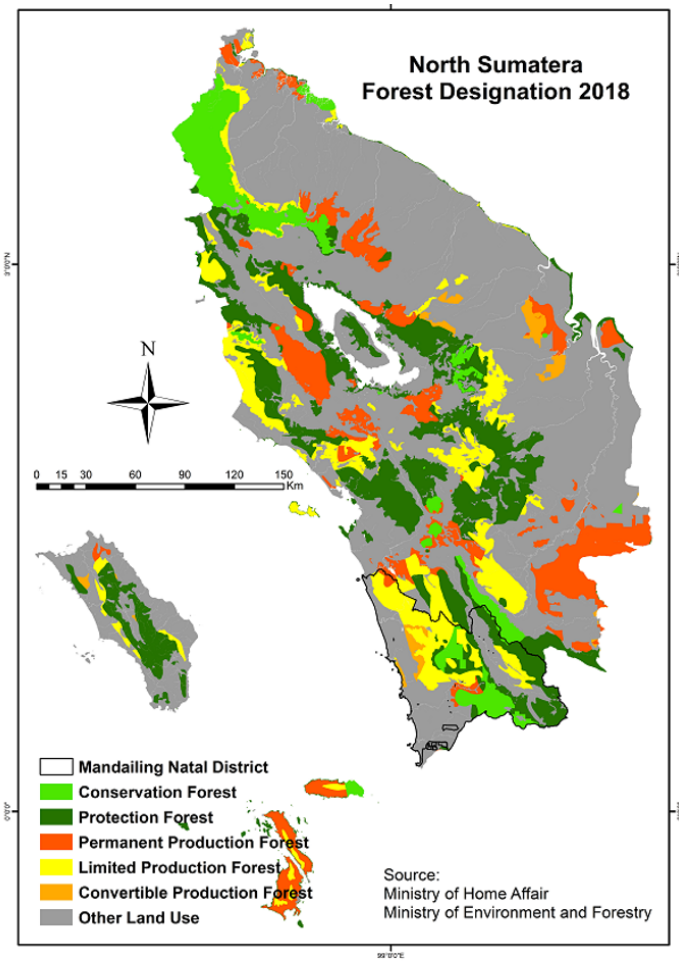
Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Mining	419	236
Dryland agriculture	349,064	151,850
Mix dryland agriculture	564,659	543,350
Swamp	1,165	2,189
Savanna	113,107	106,526
Rice field	309,460	233,105
Fishpond	70,563	69,331
Cleared land	89,943	33,217
Transmigration land		2,238
(not described)	321	6
Grand Total	**5,666,402**	**5,666,402**

Central Aceh District in 2018 had 365,026 ha (78.3%) of state forests in 2018, 99,556 ha (21.4%) of non-state forest (other land use or APL), and 1,0349 ha of inland water bodies (0.3%). The state forest consisted of 202,292 ha of Protection Forest, 86,125 ha Conservation Forest, and 76,609 ha of Production Forest[2].

North Sumatera (landscape: Mandailing Natal District):

North Sumatera Province has extensive forest ecosystems, harbouring globally significant biodiversity, e.g., home to Malayan Tapir, Sumatran Tiger (EN), Malaysian Giant Turtle (CR), Otter Civet (EN), Masked Finfoot (EN), White-Winged Duck (EN), the endemic Tapanuli Orangutan (CR), Sunda Pangolin (CR), Bearded Pig (VU) and Sun Bear (VU), and supporting the livelihoods of many local communities. KBAs and IBAs in the province include Batang Gadis, Rawa Pesisir Pantai Barat Tapanuli Selatan (Angkola), Batang Toru and Danau Toba. According to the data provided by the Ministry of Environment and Forestry, in 2018 North Sumatera Province had 3,004,928 ha state forest and 4,049,859.58 ha non-state forest/other land use. State forest coverage consisted of 1,190,621.70 ha of Protection Forest, 424,753.61 ha of Conservation Forest, and 1,389,552.98 ha Production Forest, as illustrated below in *Figure 3* of the Project Document. There were 1,404,049 ha of indicative essential ecosystem areas within this forest designation in 2018.

[1] Source: Ministry of Environment and Forestry, 2019 (MoEF Geoportal <http://geoportal.menlhk.go.id/arcgis/rest/services/KLHK>)



Project Document Figure 3: Forest Designation 2018, North Sumatera Province

Loss of primary and secondary forests across North Sumatera Province comparing data from years 2013 and 2018 was 62,481 ha, and during the same time period the area of monoculture plantations expanded by a similar amount, specifically 59,783 ha, from 1,359,449 ha in 2013 to 1,419,232 ha in 2018, as shown below *Table 2* of the Project Document.

*Project Document Table 2: Land cover breakdown 2013 and 2018, North Sumatera Province**[1]***

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Water body	142,765	142,846

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Airport/harbor	948	1,015
Shrub	608,049	608,868
Swamp Shrub	63,044	49,248
Primary Dry Land Forest	581,269	576,278
Secondary Dry Land Forest	995,307	948,477
Primary Mangrove Forests	1,439	1,366
Secondary Mangrove Forests	34,758	34,690
Primary Swamp Forest	828	558
Secondary Swamp Forest	70,673	60,423
Plantation Forest	136,979	132,575
Residence	80,740	82,030
Monoculture Plantation	1,359,449	1,419,232
Mining	24	337
Dryland agriculture	2,221,601	2,226,119
Mix dryland agriculture	310,533	330,220
Swamp	8,917	7,763
Rice field	292,600	295,424
Fishpond	24,145	27,429
Cleared land	267,563	256,845
Transmigration land	1,009	1,009
(not described)	186	73
Grand Total	**7,202,826**	**7,202,826**

The district of Mandailing Natal District had 388,169.2 ha of state forest in 2018 and 250,693.84 ha of non-state forest/APL. The indicative essential ecosystem areas in Mandailing Natal total 278,903 ha, the largest coverage among the 25 districts and 8 cities of North Sumatera Province. The district also

contains two Key Biodiversity Areas (KBAs), specifically the Batang Gadis National Park and the Angkola Wilderness Ecosystem. These two KBAs are important components of the Northern Sumatera Biodiversity Corridor.

West Kalimantan (landscape: Sanggau District):

West Kalimantan is one of few provinces in Indonesia with a massive extent of remaining forest cover. The entire province covers an area of about 14.7 million ha[1], which is the third largest province in Indonesia in terms of land area after Papua and Central Kalimantan, and there are approximately 1.7 million ha of conservation forests, consisting of national parks, strictly protected nature reserves, and nature recreation parks. As part of the Heart of Borneo, West Kalimantan is home to many endemic birds and Borneo Orangutan. Other IUCN Red List species include the Malaysian Giant Turtle (CR), Smooth-coated Otter (VU), Philippine Slow Loris (VU), Binturong (VU), Otter Civet (EN), and the Bornean Peacock-Pheasant (EN). KBAs and IBAs in the province include Gunung Niut-Poteng, Rawa di Pesisir Kapuas, Rawa Di Pesisir Paloh, Danau Sentarum and Betung Kerihun. According to data provided by the Ministry of Environment and Forestry, West Kalimantan Province in 2018 had 8,198,656 ha (8,389,600 ha including territorial water) of forest coverage in 2018, consisting of 1,621,046 ha of conservation forest, 2,310,874 ha of protection forests, 2,132,398 ha of limited production forests, 2,127,365 has of permanent production forests, and 197,918 ha of convertible production forests, as illustrated below in *Figure 4* of the Project Document.

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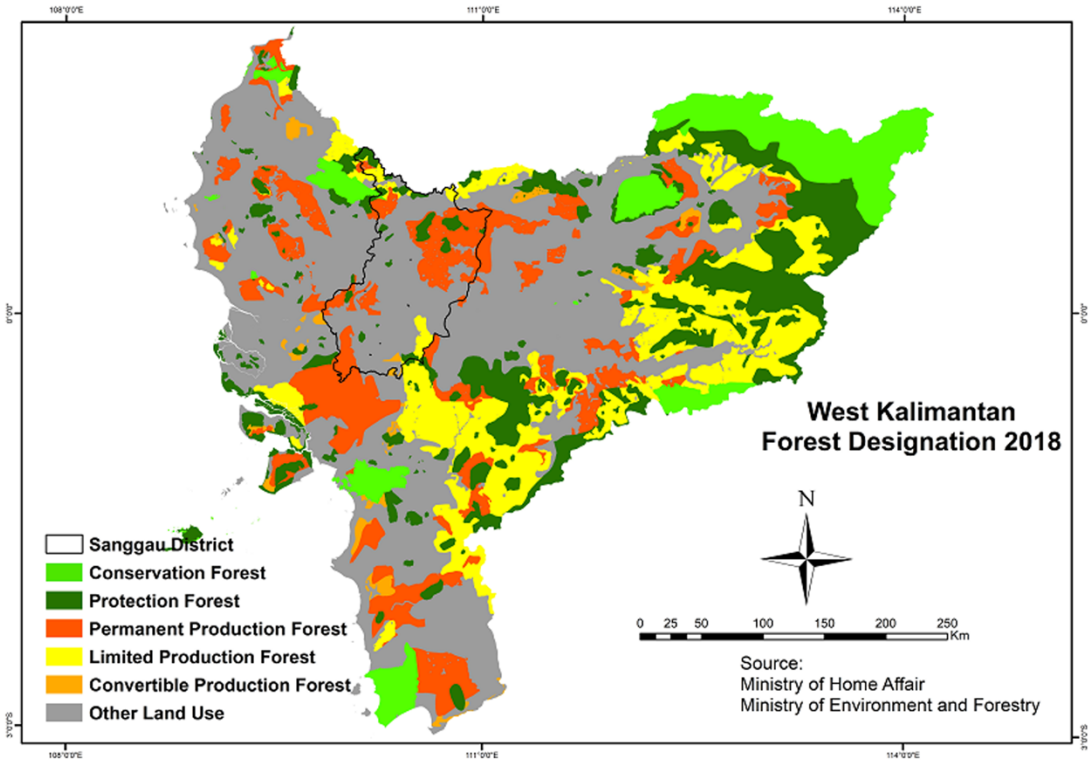
[1] Based on the spatial data calculation. Based on West Kalimantan RPJMD, total area of West Kalimantan is 14,730,700 ha



Project Document Figure 4: Forest Designation 2018, West Kalimantan Province

Loss of primary and secondary forests across West Kalimantan Province comparing data from years 2013 and 2018 was 274,169 ha, and during the same time period the area of monoculture plantations expanded by 614,147 ha, from 959,612 ha in 2013 to 1,573,759 ha in 2018, as shown below in *Table 3* of the Project Document.

*Project Document Table 3: Land cover breakdown 2013 and 2018, West Kalimantan Province**[1]***

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Water body	112,968	125,115
Airport/harbor	64	99
Shrub	503,567	332,689
Swamp Shrub	845,088	702,838
Primary Dry Land Forest	2,271,703	2,218,328
Secondary Dry Land Forest	2,175,585	2,117,386
Secondary Mangrove Forests	116,616	110,062
Primary Swamp Forest	22,753	7,291

Secondary Swamp Forest	1,181,838	1,041,259
Plantation Forest	43,692	62,196
Residence	34,216	50,921
Monoculture Plantation	959,612	1,573,759
Mining	106,653	59,094
Dryland agriculture	299,287	408,054
Mix dryland agriculture	5,179,833	5,304,902
Swamp	110,286	93,716
Rice field	200,324	139,391
Fishpond	9,342	11,988
Cleared land	492,167	307,687
Transmigration land	12,417	11,445
(undescribed)	211	0
Grand Total	**14,678,219**	**14,678,219**

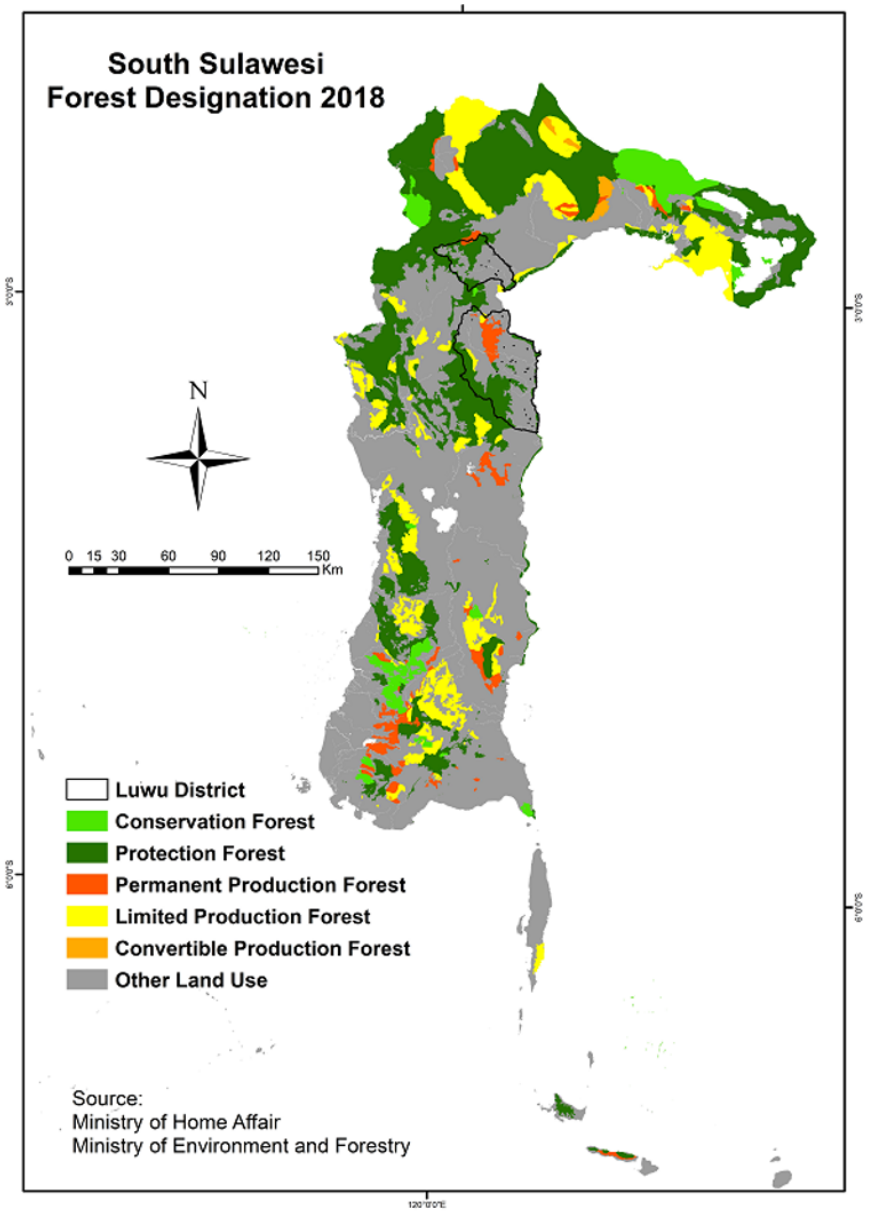
Sanggau District, having a total land area of approximately 1.2 million ha[2] , is located at the northwest part of the province, bordering the Malaysian state of Sarawak. The district includes 99,639.83 ha of protection forests, 1,577.51 ha of conservation forests, 359,055.36 ha of permanent production forests, 63,594.34 ha of limited production forests, and 6,294.02 ha of convertible production forest.

South Sulawesi (landscape: Luwu District):

South Sulawesi is among the largest rice and cacao producing provinces in Indonesia. According to data provided by the Ministry of Environment and Forestry, South Sulawesi Province had 4,341,683.76 ha of forest coverage in 2018, comprising 2,054,068.78 ha of state forest and 2,377,614.98 ha of non-state forest/other land use area, as illustrated below in *Figure 5* of the Project Document. Based on the 2018 data, there were 654,195.35 ha of indicative essential ecosystem areas within this forest designation. IUCN Red List species present in South Sulawesi include the Sulawesi Warty Pig (NT), the Lowland Anoa (EN), the rainbowfish *Tominanga sanguicauda* (NT, endemic to Lake Towuti), and the Maleo (EN, endemic to Sulawesi). KBAs and IBAs in the province include Pegunungan Latimojong, Danau Tempe and Cani Sirenreng.

[1] Source: Ministry of Environment and Forestry, 2019 (MoEF Geoportal <http://geoportal.menlhk.go.id/arcgis/rest/services/KLHK>)

[2] Ibid.



Project Document Figure 5: Forest Designation 2018, South Sulawesi Province

Loss of primary and secondary forests across South Sulawesi Province comparing data from years 2013 and 2018 was 55,360 ha, and during the same time period the area of monoculture plantations increased

by 20,148 ha and rice fields expanded by 60,339 ha, as shown below in *Table 4* of the Project Document.

Project Document Table 4: Land cover breakdown 2013 and 2018, South Sulawesi Province[1]

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Water body	112,242	113,799
Airport/harbor	936	978
Shrub	497,904	467,229
Swamp Shrub	15,553	16,137
Primary Dry Land Forest	570,133	576,596
Secondary Dry Land Forest	812,260	757,820
Primary Mangrove Forests	2,887	2,148
Secondary Mangrove Forests	21,301	14,667
Secondary Swamp Forest	54	43
Plantation Forest	13,578	12,163
Residence	22,639	68,279
Monoculture Plantation	39,972	60,120
Mining	2,493	3,368
Dryland agriculture	43,192	257,793
Mix dryland agriculture	1,571,522	1,306,028
Swamp	-	295
Savanna	90,789	86,061
Rice field	605,811	666,149
Fishpond	112,094	121,879
Cleared land	10,800	14,539
Transmigration land	1,881	2,207
(not described)	261	0

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Grand Total	**4,548,301**	**4,548,301**

The target district Luwu in 2018 had a total area of state forest of 107,022.47 ha and non-state forest (other land use or APL) of 181,648.31 ha. The state forest comprised 83,197.83 ha of Protection Forest, and 23,824.64 ha of Production Forest (20,012.98 ha of Permanent Production Forest, and 3,811.66 ha of Limited Production Forest).[2]

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West Papua (landscape: Sorong District):

Often referred to as one of Indonesia?s last frontiers, West Papua has extensive forest cover, approximated 89% in 2018 according to data available at the Ministry of Environment and Forestry.[1] According to these data, West Papua Province had 9,515,377.15 ha of forest coverage in 2018, comprising 8,675,199.4 ha of state forest, and 840,177.75 ha of non-state forest/other land, as illustrated below in *Figure 6* of the Project Document. Based on the 2018 data, there were 3,700,471.88 ha of indicative essential ecosystem areas within this forest designation. IUCN Red List species present in West Papua include the Papuan Eagle (VU), *Calostoma insigne* (EN), Salvadori?s Teal (VU), and the Western Crowned-pigeon (VU). KBAs and IBAs in the province include Tamrau Utara, Aitinyo, Kebar Valley, Ayamaru Plateau, Minyambouw ? Warmare and Arfak.

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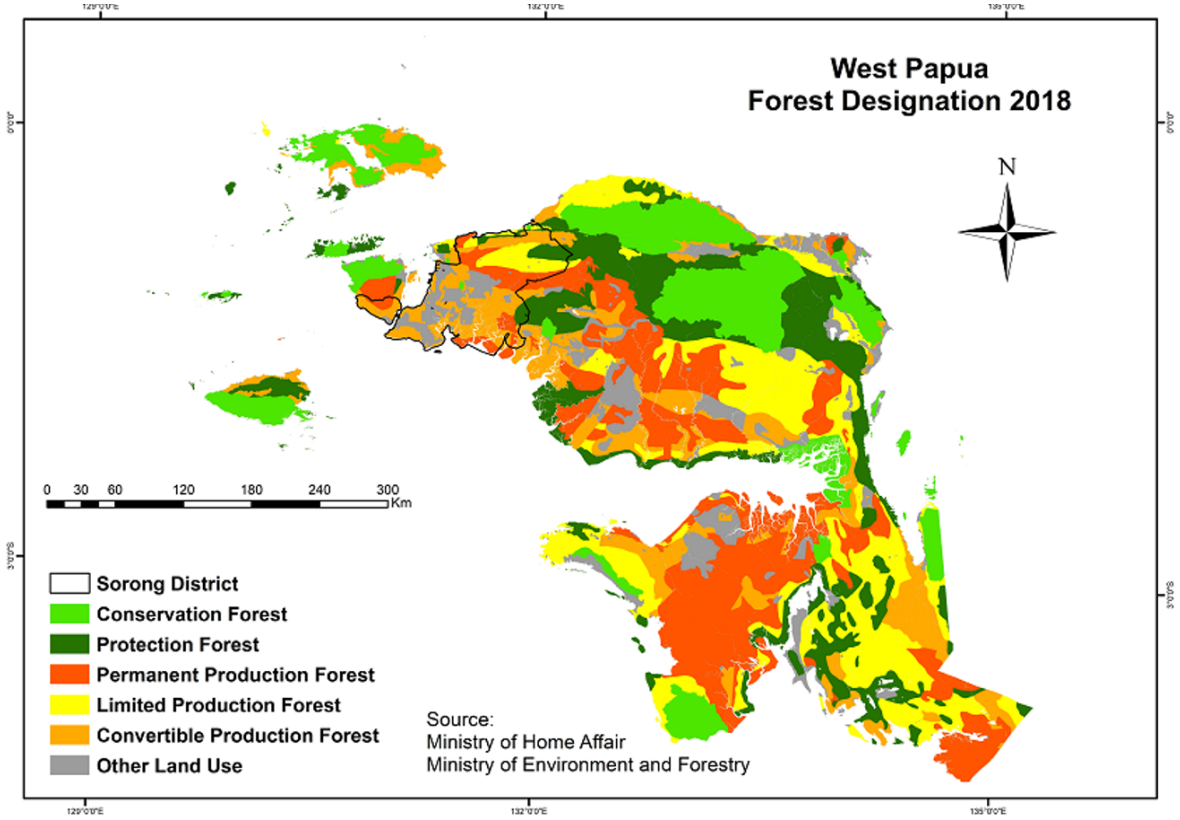
[1] Ibid.



Project Document Figure 6: Forest Designation 2018, West Papua Province

Loss of primary and secondary forests across West Papua Province comparing data from years 2013 and 2018 was 51,843 ha, and during the same time period the area of monoculture plantations expanded by 19,886 ha, from 47,045 ha in 2013 to 66,931 ha in 2018, as shown below in *Table 5* of the Project Document.

*Project Document Table 5: Land cover breakdown 2013 and 2018, West Papua Province**[1]***

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Water body	143,242	143,712
Airport/harbor	312	657
Shrub	357,477	375,091
Swamp Shrub	66,919	74,288
Primary Dry Land Forest	4,916,212	4,560,711
Secondary Dry Land Forest	2,384,411	2,690,113

Classification	Land cover 2013 (ha)	Land cover 2018 (ha)
Primary Mangrove Forests	337,063	334,642
Secondary Mangrove Forests	104,094	108,008
Primary Swamp Forest	682,111	667,062
Secondary Swamp Forest	79,808	91,320
Residence	18,244	43,414
Monoculture Plantation	47,045	66,931
Mining	9,229	4,060
Dryland agriculture	6,544	6,568
Mix dryland agriculture	108,960	110,280
Swamp	6,522	7,239
Savanna	161,990	137,409
Rice field	1,905	1,566
Cleared land	13,714	21,358
Transmigration land	10,190	12,820
(not described)	1,257	0
Grand Total	**9,457,247**	**9,457,247**

In 2018, the target district, Sorong, had 107,022.47 ha of state forest, and 181,648.31 ha of non-state forest (other land use or APL). The state forest comprises of 83,197.83 ha of Protection Forest, and 23,824.64 hectares of Production Forest (i.e., 20,012.98 ha of Permanent Production Forest, and 3,811.66 ha of Limited Production Forest. And the district has 72,033.07 ha of indicative essential ecosystem areas. According to MoEF data[2], there are 197,736.74 ha of damaged land in the Sorong district, consisting of: potentially degraded (122,478.49 ha); degraded (75,083.6 ha); and highly degraded (174.65 ha).

Policy Context:

Medium-Term Development Plan 2020-2024: There are four pillars under the current medium-term development plan, comprising of: (i) sound political institutions and laws, (ii) improved community livelihoods, (iii) improved and strong economic structure, and (iv) biodiversity conservation. The four pillars are translated into seven agendas, one of which is ?protecting the environment and strengthening resilience against natural disasters and climate change.? The achievement of this agenda will be delivered through three strategic policy actions:

? Improving the quality of the environment, with a target to achieving the Environment Quality Index of 73.25-75.25 by 2024.

? Strengthening resilience against natural disasters and climate change.

? Low carbon development, with two targets: (i) GHG emission reduction by 27.3% by 2024, and (ii) reduction of GHG emission intensity by 24% by 2024.

In terms of low-carbon development plans, the government is focusing on developing green and renewable energy, reforestation, restoration/rehabilitation of degraded land, promoting practices that reduce loss of forest and peatland ecosystems, improving waste management practices, and rehabilitating coastal and marine ecosystems.. Sector specific policies are discussed below and described in more detail in *Annex 14* to the Project Document (*Baseline report on governance, policy, and land use planning*).

Commodity: Oil palm, coffee and cocoa continue to become strategic commodities and the focus of the plantation sector under the Ministry of Agriculture (MoA). In 2015, Indonesia established the CPO-Fund under President Regulation No. 61/2015, aimed to expand oil palm?related programs on replanting, R&D and biodiesel. The government also focuses on the provision of quality/certified seedlings, agricultural inputs, and extension service for farmers. Note that the extension services are not commodity-specific but general, but there is generally a stronger emphasis on delivering extension support to food crop farmers and less so to cash crops or commodities. Part of MoA?s policy directions for commodity sector, government priorities are on: (1) strengthening farmer institutions and partnerships with private sector companies especially in the form of farmer capacity building and (2) enhancing access to finance for smallholders.

Food production: The government?s current food policy framework was conceptualised under the President?s Nawacita Programme, a nine-point development initiative established in 2014, and aims to achieve food self-sufficiency in the context of national food security. The MoA then developed its agriculture policy and programmes surrounding land optimization and adding planting area for crops, infrastructure, and extension service. In October 2014, the MoA launched a special programme aiming to increase food crop production (rice, corn and soybeans).

Key Policy and Institutional drivers for rice sector transformation[3]

In Indonesia, while agricultural policy developments since the mid-1960s can be divided into three main stages, policy support to the rice sector has been a constant feature throughout the period[4].

? *Mid-1960s-mid-1980s*: Increasing rice production was a political and economic priority for the New Order government under President Suharto. It established the National Logistics Agency (Badan Urusan Logistic, BULOG) and gave it an increasing role over the purchase (at minimum guaranteed prices), distribution and trade in strategic products, and access to cheap credit. Farmers were provided with subsidised inputs (i.e., high-yielding seeds, fertilisers and pesticides) and concessional credits, and supported with extension services and upgraded irrigation systems.

? *Mid-1980s-1999*: many of these programmes were scaled back because the government lost oil revenue. Extension services went through a variety of restructuring phases. Border protection in the form of tariff surcharges was gradually and unilaterally eliminated. As a consequence, Indonesia was constrained to meet its commitments under the WTO (Uruguay Round Agreement on Agriculture). However, few reforms occurred in terms of the regulatory control given to BULOG and other parties over domestic and international flows of agricultural products. As a consequence of the Asian financial crisis (1997-1999), reforms were implemented that terminated BULOG?s monopoly over the importation and domestic marketing of rice. Several agricultural tariffs were reduced including for rice. Most fertiliser subsidies were eliminated. Subsidised credit was provided to farmers to assist them in coping with the difficulties caused by the financial crisis and the worst drought in 50 years. The government responded to the plight of poor consumers by introducing ?Rice for the Poor? (Beras Untuk Orang Miskin, RASKIN), a targeted rice distribution programme, which has become a mainstay of the social assistance policy framework.

? 2000-present: Many of these policy reforms have been reversed. Fertiliser and seed subsidy programmes have been reintroduced and greatly expanded. Tariffs and quantitative limitations have been placed on the importation of rice to protect farmers. Additional import restrictions have been mandated for many products including rice, including extra licensing requirements, product registration, shipment approval and border inspection. These measures have added to the cost of trading with Indonesia. The decentralisation process led to a deterioration of extension services and irrigation systems supporting producers despite efforts by the central government to fund the increase of the number of extension workers and the quality of their advice. Responsibilities for irrigation systems have been given to the Water Users Associations (WUA) that are responsible for the operation and maintenance and rehabilitation of on-farm irrigation systems. RASKIN has been replaced by a registered card holder non-cash food support program called Bantuan Pangan Non Tunai (BPNT).

Today, four main objectives shape Indonesian agricultural policy:

1. *Achieve **self-sufficiency** in the production of certain commodities* is the government?s main approach to assuring food security. Self-sufficiency targets are chiefly set for rice but also for a few other commodities.

2. ***Make food prices affordable*** *for the poor*. The government is concerned not only with producing enough of these strategic commodities but also ensuring that prices are affordable for consumers and that supply is distributed across the archipelago. Efforts to balance concerns between producers and consumers is an important feature of agricultural policy in Indonesia.
3. ***Diversify production and consumption*** *away from carbohydrates* (rice and wheat) towards animal-based products, and fruits and vegetables, particularly tuber vegetables.
4. *Raise the level of competitiveness of agricultural production and value-added processing.* Improving the welfare of farmers through **higher incomes** is also a desired policy outcome to reduce the level of rural poverty.

Reducing the overall intake of carbohydrates is a government health policy driven by the soaring number of diabetic patients in Indonesia. At the same time, the Indonesian government is promoting a diversified consumption of carbohydrates with the aim to reduce the domestic demand for rice. With a reduced demand for rice, it would become easier for the Indonesian government to achieve its target of rice self-sufficiency.

The Indonesian Government is affecting supply and production of rice through a highly regulated price, both with a floor price at production and a ceiling price for retailers. As these are national policies, these interventions apply and affect the operations in all the value chains across islands. However, given the structure and dynamics of each regional value chain, the effects of these interventions may vary. The Indonesian government also adopts initiatives to reduce price fluctuations not only between the international and the domestic market but also between provinces. This has been done through various measures including improvements in transport infrastructure (ports) and providing more transparency on commodity prices.

The government of Indonesia heavily intervenes in agricultural markets and particularly in rice markets. The main domestic policy instruments influencing the relative performance of the various rice sectors are as follows:

? *Minimum purchase prices*: Applied to rice (and sugar). BULOG is required to purchase rice for distribution through RASKIN and stock requirements at guaranteed prices set by the government.

? *Fertiliser subsidies*: Farmers producing on less than 2 ha are able to purchase fertilisers at subsidised prices. The subsidy is provided to fertiliser manufacturers. The value of this subsidy has increased dramatically due to the decision to hold the subsidised prices of fertilisers constant despite growing costs of fertiliser production.

? *Seed subsidies*: Rice (as well as maize and soybean) farmers are the major beneficiaries of subsidized seeds. They can also apply for an annual allocation of free seeds and receive seeds in response to natural disasters.

? *Credit schemes*: Farmers are able to access credit at interest rates 5-7 percentage points below commercial rates (late 2000s). These loans have been channelled through commercial banks. New concessions have been made available to companies working with growers of perennial crops and livestock farmers. A credit guarantee scheme was introduced in 2005. Since 2008, a rural finance scheme has provided funds directly to federated farmers? groups as seed-money for them to on-lend to members based on the microcredit model.

? *Income support*: Assistance is provided for those affected by bad weather and natural disasters.

? *Extension services:* Provided free to farmers. The availability and quality of this advice varies across regencies.

Environment, forestry and land use: In the environment, forestry sector, and land use sector, the Government of Indonesia has been focusing on efforts related to: (1) halting illegal deforestation and mining within estate-forests, (2) improving conservation and forest governance, (3) improving environment quality, (4) climate change mitigation and adaptation, (5) land use-based sustainable development planning, (6) protection of peatlands, and (7) resolution to land conflict for community living in the state forest through social forestry. Currently, the government is also in the process of establishing a trust fund for conservation efforts within estate-forests. On land use, government continues to work on Agrarian Reform (Gov Regulation No. 11/2010) to utilize abandoned land optimally, as well as curbing land conversion.

The Government of Indonesia has demonstrated commitment towards sustainable commodity and crop production, in particular, to halt forest loss by oil palm through Presidential Instruction No. 8/2018 on palm oil moratorium and extensification, and Presidential Instruction No. 6/2017 on moratorium on license granting on primary forest and peatland. The commitment is backed by sector specific regulations and initiatives, including Government Reg. No.76/2008 on Forest Rehabilitation & Reclamation, and Presidential Reg. No. 88/2017 on Land Conflict Resolution, and Government Reg. No. 71/2014?revised through Government Reg. No.57/2016 on protection and management of peatland ecosystems; Ministry of Environment and Forestry?s (MoEF?s) Director General of Conservation Reg. No.5/2017 on Technical Guideline on HCV Identification outside conservation/protected areas.

Presidential Instruction 6/ 2019 concerning the national action plan for sustainable palm oil plantations (RAN-KSB) year 2019 to 2024, a strong commitment of the government to ensure sustainable oil palm plantations implemented, including to support the implementation Goal 13 (Climate Action) and Goal 15 (Life on Land to protect, restore and promote sustainable use of terrestrial ecosystems) of Sustainable Development Goals (SDGs).

Another important policy advance was realised through Presidential Instruction 5/2019, on the termination of issuance of new permits permanently and improving governance of primary natural forests and peatlands, a continuation and reinforcing policies previously been applied, namely Presidential Instruction 10/2011, Presidential Instruction 8/2015 and Presidential Instruction 6/2017 regarding the postponement of the granting of new permits and improving governance of primary

natural forests and peatlands. This presidential instruction aims to contribute significantly to stop the expansion of oil palm plantations and the destruction of natural forests. Termination of the issuance of new licenses in primary natural forests and peatlands including in conservation forests, protected forests, production forests which include limited production forests, fixed production forests, and convertible production forests, as well as other land use areas. The government has stopped the expansion of additional oil palm plantations, although demand for oil palm is increasing. The policy was carried out to support various efforts to improve forest and peatland management and governance to save the existence of primary natural forests and peatlands, and to continue efforts to reduce emissions from deforestation and forest degradation.

Descriptions of land use classifications relevant for protection and production forests and other, agricultural areas are outlined below in *Table 11* of the Project Document. Legally, commodity cultivation is only allowed on other land use (APL) areas but not within state forests. Multi-strata commodity cultivation (such as coffee and cocoa) can happen in production forests only under social forestry schemes.

Table 11: Land use classifications

Abbrev.	Description	Management	Designation
HL	Protection forest (state forest)		
KK	Conservation area	MoEF, provincial Natural Resource Conservation Centre (BKSDA)	MoEF
KP	Protection area	Provincial Forestry	MoEF
HP	Production forest (State forest)		
HP	Permanent Production Forest	Provincial Forestry; forest management units (FMUs)	MoEF
HPT	Limited production forest	Provincial Forestry; FMUs	MoEF
HPK	Convertible production forest	Provincial Forestry; FMUs	MoEF
APL	Other land use (*Areal Penggunaan Lain)*	District Government	ATR/BPN

Social forestry: Traditionally, according to Law No. 41/1999, communities have not been able to cultivate areas classified as state forests. This law resulted in major land conflicts in the country, there are many traditional communities living inside state forests. As part of an action to address land conflicts in state forests, the Government of Indonesia issued Minister of Environment and Forestry Regulation No. P.83/MENLHK/SETKEN/KUM.1/10/2016 on Social Forestry, which provides the

legal framework for establishment of social forestry schemes. Social forestry is an initiative that provides permits for customary peoples or local communities to manage forests sustainably for their livelihoods. There are 5 types of social forestry schemes: (1) Village Forest, (2) Community Forest, (3) Community Plantation Forest, (4) Customary Forest, (5) Partnership Forest. There are at least three derivative regulations for social forestry: (i) General Director of Social Forestry & Environmental Partnership Regulation No. P.11/11/PSKL/SET.0/11/2016 on Guidance for Verification of Village Forestry Management Rights; (ii) General Director of Social Forestry & Environmental Partnership No. P.12/PSKL/SET/PSL.0/11/2016 on Guidance for Verification of Business Rights to Utilize Community Forest?s Non Timber Products; and (iii) General Director of Social Forestry & Environmental Partnership No. P.13/PSKL/SET/PSL.0/11/2016 on Guidance for Verification of Business Rights to Utilize Community Forest?s Timber Products. Between the period of 2015 and 2019, the government allocated 12.7 million ha of state forests for various social forestry schemes. Currently, the government is maintaining the target of 12.7 million ha of land for social forestry schemes, as this area was not achieved by the end of 2019.

Climate change and climate resilience: in 2009, a trust fund, namely the Indonesia Climate Change Trust Fund (ICCTF), was established through BAPPENAS Decree No. KEP. 044/M.PPN/HK/09/2009 and No. KEP.059/M.PPN/HK/09/2010 to support the government in adopting low-carbon development and strengthening resilience to climate change. Showing its strong commitment to address climate change, the government legalized President Regulation No. 61/2011 on the National Action Plan to Reduce GHG Emissions. In this action plan, the country commits to reduce emissions by 26% and by 41% with international support, against business as usual (BAU) scenarios. These original targets have been revised to (i) a reduction of 848 M ton CO2e or 29% from BAU by 2030 without international support, and (ii) 1.2 G ton CO2e or 41% compared to BAU by 2023 with international support. The issuance of the national action plan was followed by the formulation and implementation of the provincial action plans to reduce GHG emissions. Additionally, the government issued the Minister of Environment Regulation No. 19/2012 on Climate Village Programme. The Climate Village is a national programme managed by the Ministry of Environment and Forestry to support communities improve their capacities to adapt to climate change. Awards have been given to communities who show notable actions to mitigate GHG emissions and implement adaptation actions locally.

Agrarian Reform: referencing Law No. 5/1960 on Agrarian Principles, President Jokowi enacted the agrarian reform programme under a President Regulation No. 86/2018 with objectives consisting of: (i) reducing inequality in land tenure and ownership, (ii) addressing agrarian conflicts; (iii) improving community livelihoods by providing better tenure access, (iv) reducing poverty; (v) improving community?s access to economic resources, (vi) strengthening food security and food sovereignty, and (vii) improving the quality of the environment. Key tenure objects for land distributions are Business Permit (HGU) and Cultivation Permit (HGB) which license has ended and has not been proposed for extension within a year. Application may be submitted individually or certified group. The agrarian reform programme (*Tanah Objek Reformasi* ? TORA) targets 9 million ha of land, involving distribution of land and formalisation of land ownership, benefitting landless farmers and farmers with small holdings.

***Threats and root causes (drivers)**:*

If well managed, perennial crops such as coffee and cacao have the potential to yield greater environmental benefits than many alternatives such as annual crops and pasture, and if sustainable and profitable may allow farmers to meet their livelihood needs without having to resort to encroaching on or otherwise degrading natural habitats. The complex interaction of a number of factors, portrayed below in *Figure 30* of the Project Document, means however that this potential is currently not realized, and the target landscapes (together with many others in Indonesia with which they share characteristics) are as a consequence subject to serious problems of forest loss and environmental degradation with local, national and global implications.

While each of the 5 target jurisdictions have different characteristics, there are commonalities in the threats affecting them. In all of the target jurisdictions, cash crops are expanding into forest areas, leading to the loss of biodiversity values and carbon stocks, and the degradation of ecosystem functions and services. This is happening in both ?convertible? and ?non-convertible? forests. In the case of convertible forests, forest conversion for crop production is in fact allowed by law; however, in many cases the ways that this is being carried out lead to unnecessary environmental impacts ? for example environmentally-damaging practices are used (such as disruptive mechanical land clearance or the application of high levels of pesticides), or environmentally sensitive areas are not subject to specific protection or management provisions. Crop expansion into ?non-convertible? forests is particularly significant in causing the loss of environmental values, given that these forests have specifically been categorized by the Government for protection or sustainable management, due to their importance for biodiversity and/or ecosystem service provision. These processes are further increasing the challenges of ensuring the security and resilience of the livelihoods and food supply of the populations who participate in and/or depend on food systems and natural resource management, in a global context affected by climate change, volatile markets and prices for commodities, and exposure to other crises with far ranging social and economic implications such as the COVID-19 pandemic.

The generalized problem tree in *Figure 30* of the Project Document summarizes the main causal linkages contributing to the environmental problems that will be addressed by the project. Their immediate and underlying causes include the following:

? **Unselective demand** for the crops in national and global markets constitutes a direct incentive to farmers to increase the area they have under production with these crops; this is in turn a function of consumers? limited willingness to pay price premia for sustainably produced crops.

? Forest loss and environmental degradation result when market incentives for crop expansion are coupled with **weak governance conditions**, which mean that farmers and other resource managers and users are unconstrained from acting in ways that cause negative environmental impacts.

? **Climate change** threatens to undermine the viability of perennial crops, especially coffee and cocoa (both of which have relatively narrow temperature tolerance ranges), potentially leading to their abandonment: this may have impacts in the form of loss of the carbon stocks, biodiversity values and ecosystem services generated by such diverse perennial-based production systems; it also threatens to

lead farmers to shift to other productive or extractive activities characterized by encroachment and environmental degradation, such as annual cash-crop monocultures or pasture.

? In the short term, faced with rising temperatures and associated increases in agronomic problems such as pests and diseases, farmers may apply **maladaptive responses to climate change, such as increases in the use of agricultural chemicals**, with resulting negative environmental impacts both on farm and downstream, and as well as a vicious cycle of further productivity decline, vulnerability and maladaptation.

? **Global price volatility** for internationally traded commodities such as coffee, cocoa and palm oil further undermine their long-term viability and sustainability as the basis for landscape management strategies and livelihood resilience: current development models, however, are strongly focused on a dependence on cash-crops.

? **Low productivity of cash crop plantations**, due largely to limited technical and organizational capacities among farmers and inadequate farmer support systems, leads (in the absence of adequate governance) to expansion and encroachment in order to meet production and income goals.

? **Inadequately developed mechanisms for land use planning** lead to productive activities being inappropriately located in the landscape in relation to environmental carrying capacity and vulnerability; conservation, restoration and ecosystem management initiatives failing to respond adequately to the location and nature of ecosystem values and services; and trade-offs among the interests of different stakeholder groups failing to be addressed equitably, effectively and sustainably.

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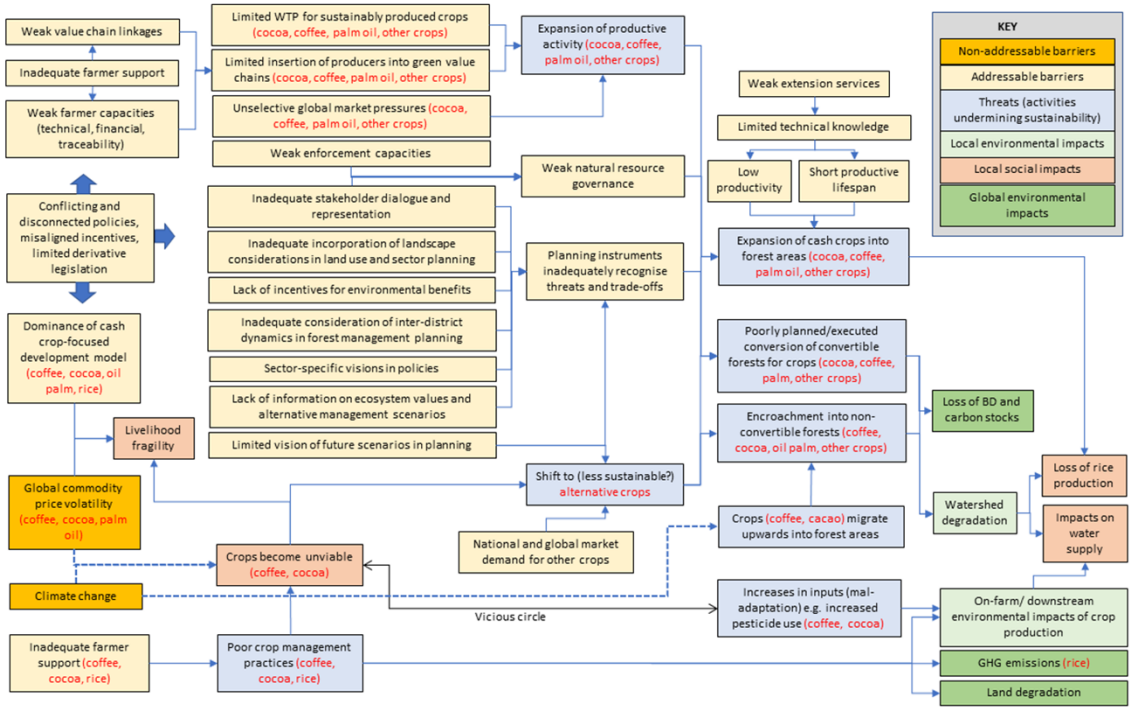
[1] Source: Ministry of Environment and Forestry, 2019 (MoEF Geoportal <http://geoportal.menlhk.go.id/arcgis/rest/services/KLHK>)

[2] Source: Ibid.

[3] Linking Farmers to Global Rice Markets for Sustainable Agriculture: The case of the rice value chain in South Sulawesi. Peter Sprang, Marie Claire Custodio, and Jean Bali?, IRRI (2020).

[4] C.P. Timmer *Food Security, Structural Transformation, Markets and Government Policy* (2017) https://onlinelibrary.wiley.com/doi/pdf/10.1002/app5.161



Project Document Figure 30: Problem tree analysis

Global demand and the actors involved along the supply chains:

Major actors along the global supply chains of palm oil, cocoa and coffee are listed below in *Table 12* of the *Project Document*. Rice is not included because production is mostly consumed by the domestic Indonesian market.

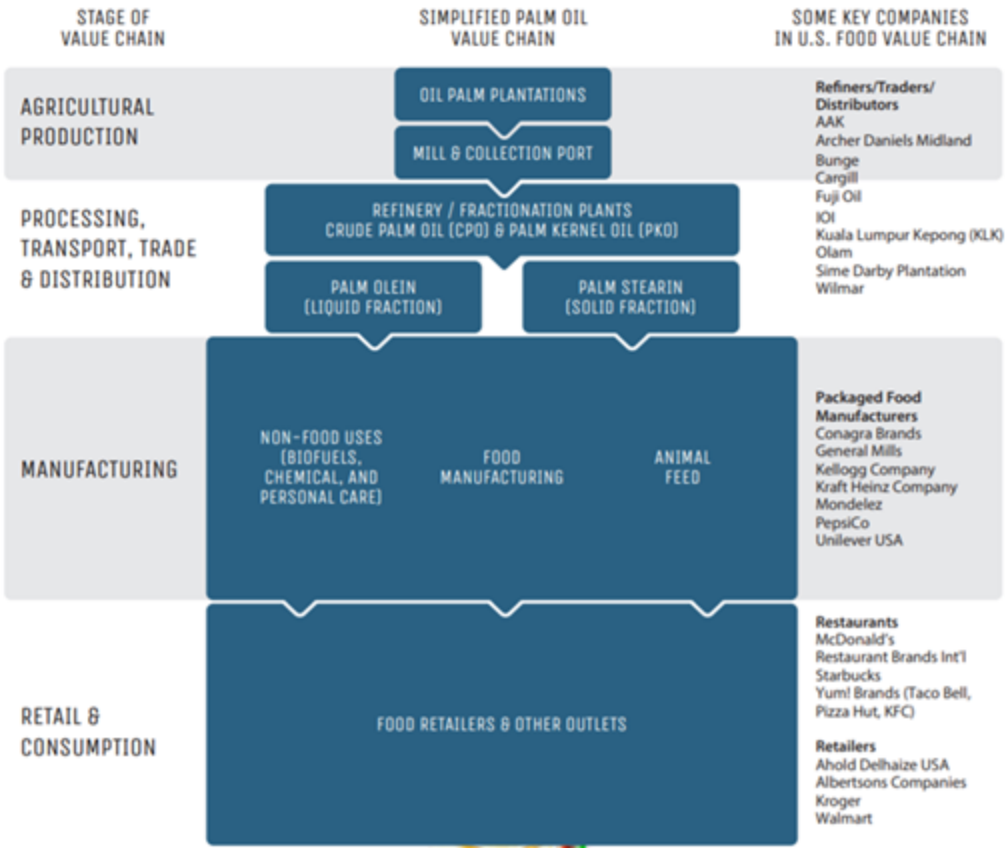
Table 12 of the Project Document: Major actors along the global supply chains of palm oil, cocoa and coffee

	Palm oil	Cocoa	Coffee

Traders / processors	AAK ADM Bunge Cargill Fuji Oil KLK Olam Sime Darby Wilmar	Barry Callebaut Cargill ADM Blommer Olam Ecom	Ecom Armajaro Trading, Olam International Louis Dreyfus Group ED&F Man Amtrada
Manufacturers	Unilever Nestle Mars Mondelez PepsiCo General Mills Kraft Heinz	Mars Mondelez Nestle Meiji Holdings Ferrero Hershey	JDE Nestle JM Smucker Tchibo Starbucks Lavazza

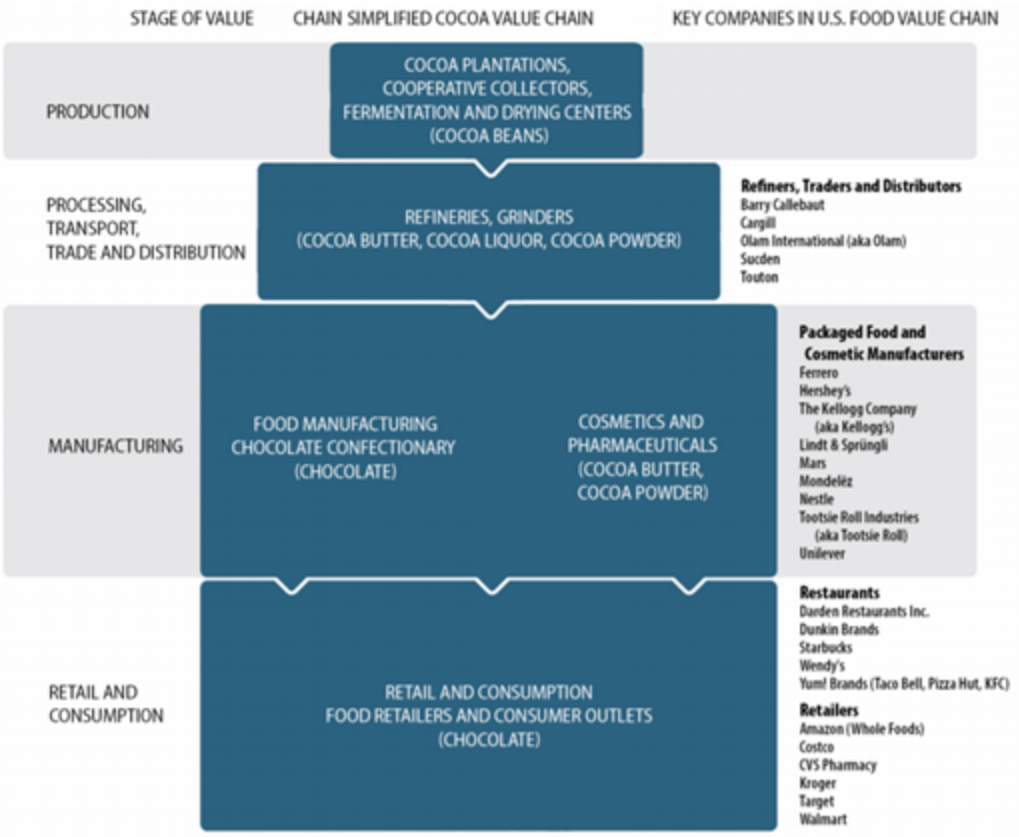
Global value chains:

Schematic illustrations showing the global value chains for palm oil, cocoa and coffee are shown below in *Figure 31*, *Figure 32*, and *Figure 33* of the *Project Document*, respectively.



STAGE OF VALUE CHAIN
SIMPLIFIED PALM OIL VALUE CHAIN
SOME KEY COMPANIES IN U.S. FOOD VALUE CHAIN
AGRICULTURAL PRODUCTION
OIL PALM PLANTATIONS
MILL & COLLECTION PORT
PROCESSING, TRANSPORT, TRADE & DISTRIBUTION
REFINERY / FRACTIONATION PLANTS CRUDE PALM OIL (CPO) & PALM KERNEL OIL (PKO)
PALM OLEIN (LIQUID FRACTION)
PALM STEARIN (SOLID FRACTION)
MANUFACTURING
NON-FOOD USES (BIOFUELS, CHEMICAL, AND PERSONAL CARE)
FOOD MANUFACTURING
ANIMAL FEED
RETAIL & CONSUMPTION
FOOD RETAILERS & OTHER OUTLETS
Refiners/Traders/ Distributors
AAK
Archer Daniels Midland
Bunge
Cargill
Fuji Oil
IOI
Kuala Lumpur Kepong (KLK)
Olam
Sime Darby Plantation
Wilmar
Packaged Food Manufacturers
Conagra Brands
General Mills
Kellogg Company
Kraft Heinz Company
Mondelez
PepsiCo
Unilever USA
Restaurants
McDonald's
Restaurant Brands Int'l
Starbucks
Yum! Brands (Taco Bell, Pizza Hut, KFC)
Retailers
Ahold Delhaize USA
Albertsons Companies
Kroger
Walmart

Figure 31 of the Project Document: Global value chain for palm oil[1]



STAGE OF VALUE CHAIN
SIMPLIFIED COCOA VALUE CHAIN
KEY COMPANIES IN U.S. FOOD VALUE CHAIN
PRODUCTION
COCOA PLANTATIONS, COOPERATIVE COLLECTORS, FERMENTATION AND DRYING CENTERS (COCOA BEANS)
PROCESSING, TRANSPORT, TRADE AND DISTRIBUTION
REFINERIES, GRINDERS (COCOA BUTTER, COCOA LIQUOR, COCOA POWDER)
Refiners, Traders and Distributors
Barry Callebaut
Cargill
Olam International (aka Olam)
Sucden
Touton
MANUFACTURING
FOOD MANUFACTURING CHOCOLATE CONFECTIONARY (CHOCOLATE)
COSMETICS AND PHARMACEUTICALS (COCOA BUTTER, COCOA POWDER)
Packaged Food and Cosmetic Manufacturers
Ferrero
Hershey's
The Kellogg Company (aka Kellogg's)
Lindt & Sprüngli
Mars
Mondelēz
Nestle
Tootsie Roll Industries (aka Tootsie Roll)
Unilever
RETAIL AND CONSUMPTION
RETAIL AND CONSUMPTION FOOD RETAILERS AND CONSUMER OUTLETS (CHOCOLATE)
Restaurants
Darden Restaurants Inc.
Dunkin Brands
Starbucks
Wendy's
Yum! Brands (Taco Bell, Pizza Hut, KFC)
Retailers
Amazon (Whole Foods)
Costco
CVS Pharmacy
Kroger
Target
Walmart

Figure 32 of the Project Document: Global value chain for cocoa[1]

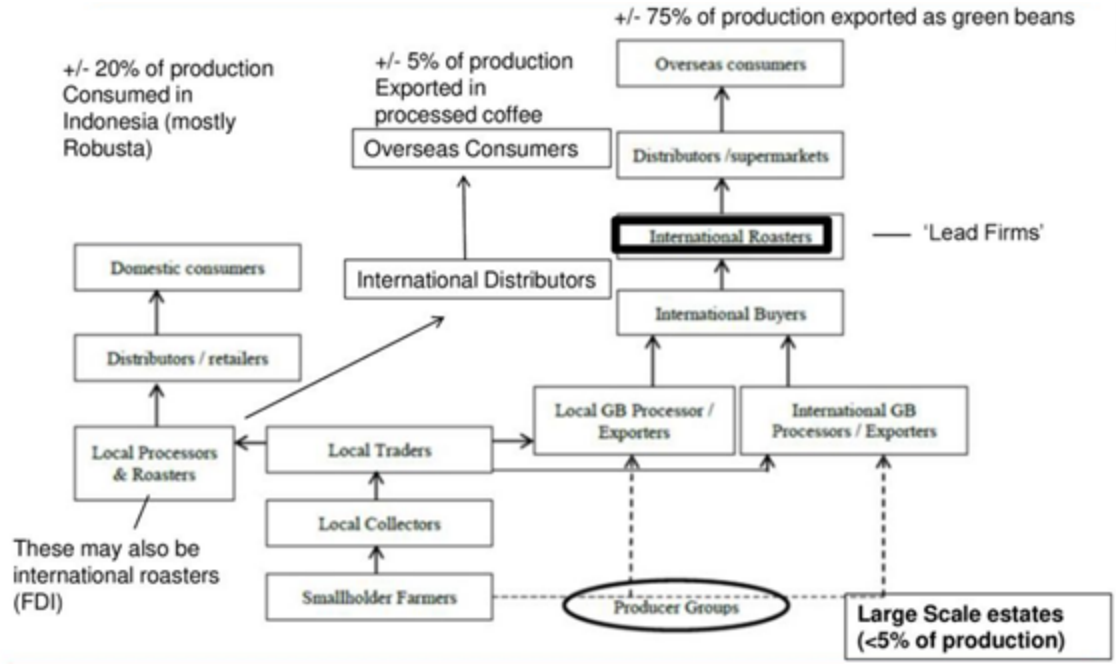


Figure 33 of the Project Document: Global value chain for coffee[1]

[1] Source: Value chain profile for Robusta and Arabica coffee in Indonesia and its impact on farmer livelihoods, Jeffrey Neilson School of Geosciences, M. Nurmi, 2018.

Lower level of awareness of environmental impacts in Indonesian domestic markets:

Over the past 30+ years, global concern about sustainability issues in commodities (especially palm oil) has been significantly driven by international NGOs. For much of that time their approach to catalysing change in commodity production has focused on raising consumer awareness in European and North American markets and putting pressure on major international food manufacturing brands (e.g., Nestle, Unilever, Mars, Mondelez, PepsiCo, etc) plus international large retailers (e.g. Walmart, Carrefour, Tesco, etc) and large global commodity trading companies (e.g. Cargill, Louis Dreyfus, ADM, etc.) to ensure that they were sourcing from sustainable sources of production, validated via voluntary

sustainability standards (VSS). The theory was that this would catalyse a shift in global demand, driving systemic change on the ground. In fact, VSS certified products have largely failed to move beyond being niche markets. RSPO, one of the most successful standards, has still only achieved 20% market penetration after more than 15 years.

What was overlooked by international NGO pressure has been the very significant demand from other markets where there are much lower levels of awareness and demand for sustainably produced products.

Indonesia itself is the fourth largest country in the world by population (270 million) and is a major consumer of the four commodities included in this project ? palm oil, coffee, cocoa and rice. Raising domestic Indonesian awareness of environmental issues relating to commodity production is therefore important in relation to increasing consumer demand for sustainably produced products.

Further details on domestic consumption:

Indonesian domestic consumption of palm oil (15 million metric tonnes) accounts for a third of total production and make Indonesia the world?s largest consumer of palm oil.

Indonesian coffee production was 660,000 metric tonnes (2017 figures) of which approximately 25% was for domestic consumption.

After declines in cocoa production volumes in recent years, current production volumes of approximately 200,000 tonnes of cocoa beans, most of which is exported. However, Indonesia is a net importer of cocoa in order to meet its own domestic demand.

Indonesia is self-sufficient in rice production and almost the entire rice crop goes towards domestic consumption with very low amounts going to export markets.

Unsustainable investor as a driver:

Under the Roadmap for Sustainable Finance (2015-2019) and the Application of Sustainable Finance Regulation (2017), the Indonesia Financial Services Authority (OJK) requires banks to show how they are addressing ESG risks connected to their financing, However, NGO investigations have revealed that banks have failed to disclose major ESG risks such as illegal plantation development, land rights violations, fire risks in plantations, destruction of forests and peatlands, indicators of tax evasion, and violations of labour laws, suggesting that banks were either unaware of their exposure to such risks or that they were failing to properly disclose and address them.

A 2020 report by forestsandfinance.org found that between 2014 and 2019 (August) at least USD 60.2 billion worth of loans and underwriting facilities were provided to the forest-risk sector operations in

South East Asia (Indonesia, Malaysia, Thailand, Cambodia, Laos, Vietnam) across 100 companies in the study. The banks most exposed include Maybank, SMBC Group, Mizuho, Bank Rakyat Indonesia, Bank Mandiri, OCBC, MUFG, Bank Negara Indonesia, CIMB and ICBC. The forest operations of the 100 forest-risk sector companies were supported by an additional USD 25.6 billion worth of bond and shareholdings as of the August 2019. The major investment funds identified include Malaysia?s Permodalan Nasional Berhad, Employees Provident Fund, KWAP Retirement Fund, Public Bank and FELDA; US-based Vanguard and Blackrock; Japan-based Government Pension Investment Fund (GPIF) and Sumitomo Mitsui Trust Holdings; and Singapore-based OCBC.

The report recommended the OJK should step up its efforts by tightening regulations, issuing improved technical guidance, and applying strict sanctions against non-conforming banks. It also recommended improved sustainability disclosure standards, ESG risk management processes, and better policy coordination in natural resource governance and enforcement.

Specific Sustainability Issues in each of the Targeted Jurisdiction:

Specific sustainability issues associated with crop/commodity production in each of the targeted jurisdictions include the following (further detail on each of the target jurisdictions is provided in *Annex 16*):

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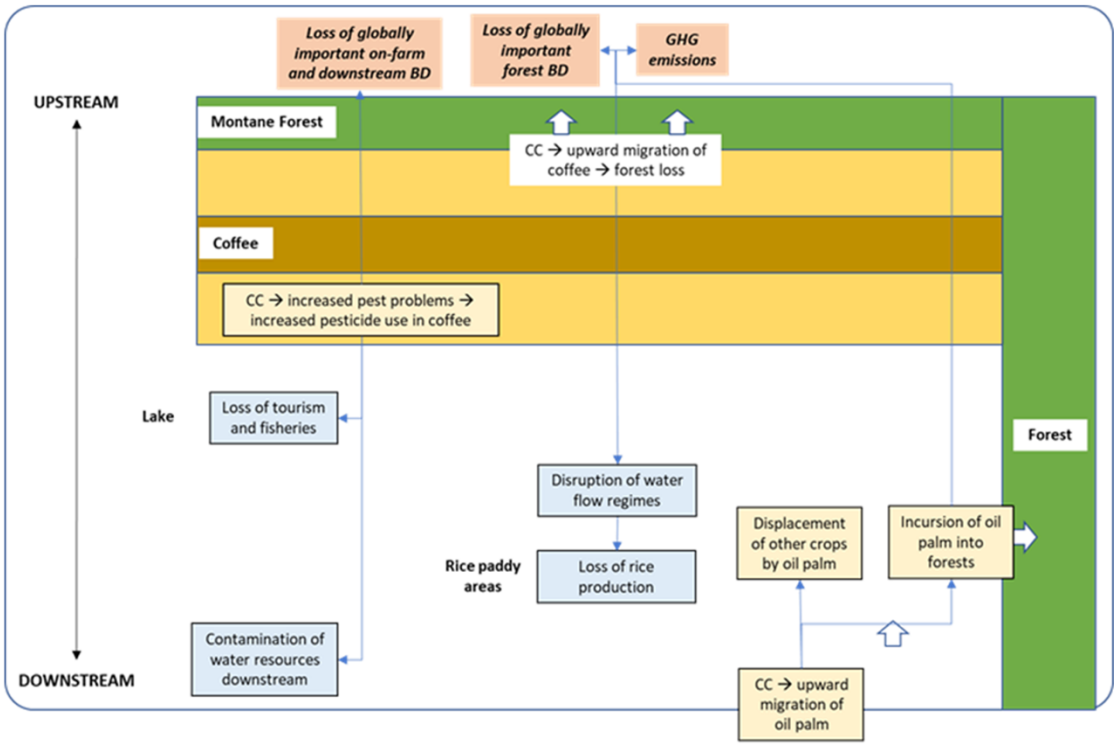
[1] Source: An Investor Brief on Impacts that Drive Business Risks: Cocoa. CERES, October 2020 (https://engagethechain.org

[1] Source: An Investor Brief on Impacts that Drive Business Risks: Palm Oil. CERES, August 2018 (https://engagethechain.org)

Aceh Province (landscape: Central Aceh District):

Forests and critical ecosystems in Central Aceh are threatened by ongoing deforestation and degradation. Overall, Aceh Province and its administrative regions experience capacity challenges related to forest governance. At the same time, the province has been granted ?special autonomy? to manage its resources (production and protection functions), which complicates decision making process over land use allocations, and has led to weak linkages between national policies and sub-national implementation.

The causal linkages underlying the problems of environmental degradation in the target landscape in Central Aceh, and the spatial configuration of the processes (highlighting the importance of the integrated landscape management approach), are portrayed below in *Figure 31* of the Project Document.



Project Document Figure 31: Causal relations and spatial dynamics of environmental degradation in Central Aceh

As depicted in *Figure 34* of the *Project Document*, the upward migration of coffee production in Central Aceh is leading to the loss and degradation of montane forest: this has negative impacts on the biodiversity and carbon stocks of the montane forests themselves, and also generates flows of sediment and pesticides with downstream impacts on aquatic ecosystems and rice production systems. This upward expansion of coffee production is driven by a combination of the strong market demand for the speciality Gayo coffee produced in the area, and climate change (which makes coffee production increasingly feasible at higher altitudes). Climate change is conversely making coffee production less viable at lower altitudes: instead of abandoning it, however, in the absence of adequate technical support farmers are typically applying maladaptive responses including the application of excessive amounts of pesticides (causing impacts on biodiversity both on-farm and downstream) and expansion of production into forest areas to compensate for declining yields. Climate change is also facilitating the incursion of oil palm into the area from lower altitudes, leading to the risk of encroachment on forests both directly by the oil palm and indirectly by existing crops which it displaces.

Despite the market potential of the speciality Gayo coffee produced in this area, the participation by farmers in Aceh in green value chains that reward sustainable and resilient production is constrained by their limited technical capacities to apply necessary management practices (such as soil erosion prevention measures and the production and correct application of compost fertilizer) and their limited organizational capacities. These factors limit the quality, productivity and therefore profitability of their

coffee, which in turn reduces their motivation and ability to reinvest in necessary management measures.

North Sumatera Province (landscape: Mandailing Natal District)

Overlapping ownership claims on forest land leading to conflict between government, private sector and local community. Capacity gaps among authorities and governments to implement environmental regulations an additional factor leading encroachment of the remaining 1,763,054 ha of forest (per 2017, or 24% of the province?s area). Especially in the target landscape (Mandailing Natal), absence of a multi-stakeholder platform results in lack of cross-sectoral coordination and collaboration to pursue sustainable development. Between 2006 and 2017, North Sumatera lost a total of 211,353 ha of its primary and secondary forests attributed to degradation (70%), monoculture plantation mainly oil palm (19%) and mixed-dry land cultivation mainly coffee and cocoa (11%).

Threats and drivers of forest loss and degradation in Mandailing Natal is illustrated below in *Figure 35* of the Project Document. The main processes impacting global environmental values in Mandailing Natal, depicted in *Figure 35*, are as follows:

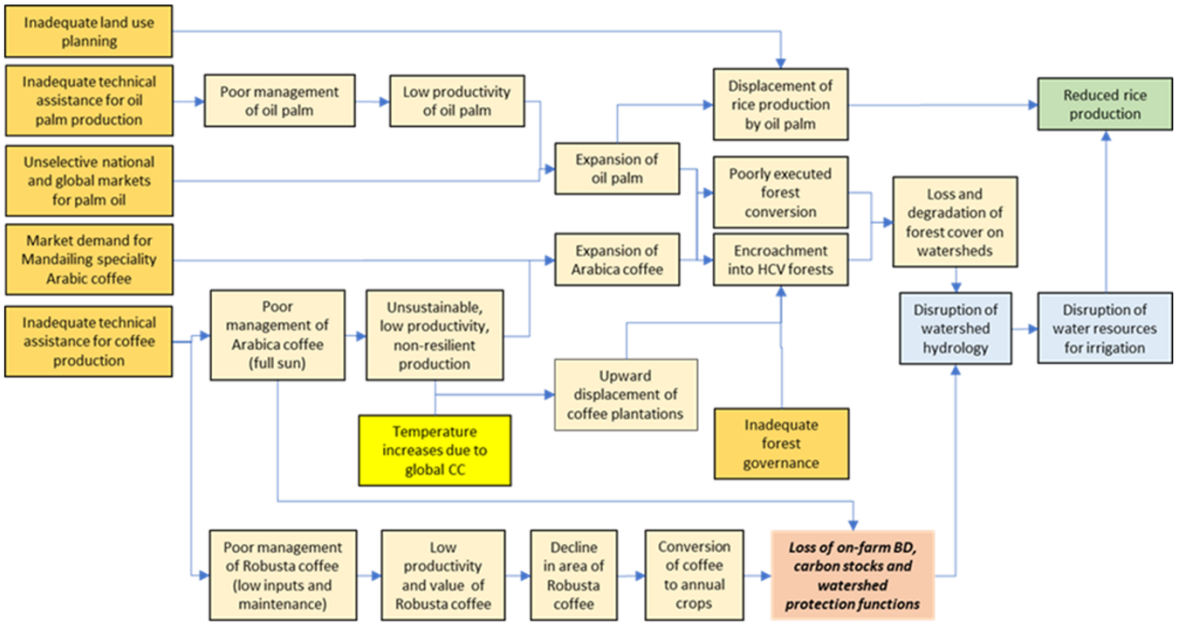
? Poor management practices in oil palm plantations, and consequent low productivity, are leading farmers to expand the area under production, resulting in its expansion into existing rice production areas and forests.

? Market demand for speciality Arabica coffee, coupled with low productivity per unit area and climate change, is leading to its expansion into forest areas.

? Poor management and correspondingly low productivity of Robusta coffee, typically in lower altitude areas, are leading to its abandonment in favour of annual crops.

? The conversion and poor management of natural forests to coffee or oil palm, the poor management of coffee plantations (both Robusta and Arabica) and the conversion of Robusta coffee plantations to annual crops are leading to the loss of environmental values both in natural ecosystems and on-farm, including biodiversity, carbon stocks and watershed protection functions.

? The loss of watershed protection functions in turn affects the viability of rice production downstream, which depends on irrigation.



Project Document Figure 32: Problem tree for Mandailing Natal District, North Sumatera

Productivity and sustainability issues with coffee production in Mandailing Natal

Productivity and sustainability issues with coffee production in Mandailing Natal

Coffee production has increased significantly in North Sumatera Province and Mandailing Natal District. In Mandailing Natal, the cumulative area of Arabica coffee planted increased from 2,421 ha in 2014 to 3,230 ha in 2018, while the planted area of Robusta coffee decreased from 1,130 ha in 2014 to 1,109 ha in 2018. Generally low levels of productivity have been attributed to the following two factors: (1) inefficiencies during the development of the plantations, and (2) inaccurate assessment and insufficient application of fertilizers. Based on interviews during the PPG phase with farmers in Ulu Pungkut Sub-district, it was found that farmers did not yet have basic knowledge of coffee plants. Moreover, steep mountainous terrain makes it difficult for farmers to carry fertilizer, especially compost. The availability of livestock in this region is also limited, so there is a possibility of greater use of chemical fertilizers compared to organic fertilizers. The steep topographic conditions without any buffer strips or other erosion control measures also pose a risk for landslides and loss of fertile soils.

Arabica plantations in this landscape are in general poorly managed in terms of sustainability, with a predominance of full sun production (i.e. with no shade trees). There is therefore much opportunity for improving management to benefit biodiversity, sustainability and climate change resilience through the promotion of the use of shade trees, with diverse structure and composition.

Productivity and sustainability issues with oil palm production in Mandailing Natal

According to data from the Agriculture Service of Mandailing Natal, the district is the largest palm oil producing district in North Sumatera. Smallholder oil palm farmers play a significant role in the province, with >52% of total planted area managed by smallholders.

Like many other places in Indonesia, oil palm smallholders in Mandailing Natal continue to face the following challenges: i) low productivity caused by lack of knowledge on good agriculture practices, ii) FFB price fluctuations, iii) significant reliance on intermediaries, and iv) unclear and overlapping land tenure.

For decades, there has been an insufficient number of oil palm extension officers in the region; and as a result, farmers are not well trained in implementing GAP. Additionally, government programs tend to focus on food-crops and provide limited technical support and subsidies to farmers producing commodities such as oil palm. The prolonged decrease in FFB prices has also prevented farmers? ability to make proper investments on their plantations. This is particularly the case when it comes to purchasing appropriate agricultural inputs for their plantations. Due to the lack of partnerships with the private sector companies (e.g., mills), many smallholder farmers are compelled to sell their fruits to intermediaries at below market prices. Although many ISPO/RSPO-certified companies are making efforts to partner with smallholder farmers within their supply chains, these efforts are challenged by the tenure issues faced by smallholders. Many smallholder plantations are located within state forest areas or within company?s concessions. Moreover, most of smallholders have not obtained land certificates that are prerequisite for partnership with companies. It is also important to note that GAP and legal land certificates are mandatory to pursue ISPO and RSPO sustainability certification process.

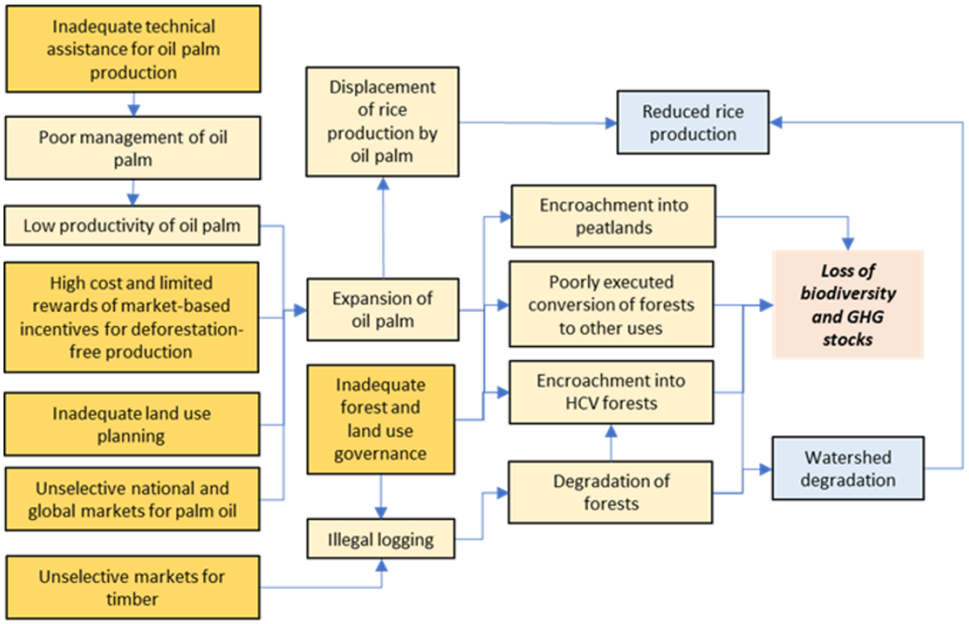
West Kalimantan Province (landscape: Sanggau District)

During 2006-2017, the province had converted a total of 814,618 ha of its primary and secondary forests where key drivers of deforestation were: monoculture plantation mainly oil palm (49%), land degradation (38%) and mixed dryland cultivation mainly coffee and cocoa (13%). Most of the province?s area has been granted concession licenses (forest-based and oil palm concessions), although many of these licenses have been revoked by the current governor. These abandoned concession areas still contain significant forest cover but is threatened by encroachment done by smallholders and local logging companies. Capacity gaps among local government officials exacerbate the situation. However, there are opportunities to strengthen forest governance to drive private sector investments and community participation to pursue restoration and conservation.

Productivity and sustainability issues with oil palm production in West Kalimantan

West Kalimantan is one of the largest palm oil production provinces in Indonesia. The average annual oil palm production in West Kalimantan during the period of 2013 to 2018 was 2,226,632 tons, and the cumulative total area oil palm plantations in 2018 was 1,757,919 ha. Oil palm is planted in 13 of the 14 districts/cities in the province, with Ketapang District (631,074 tons/year) and Sanggau District (578,311 tons/year) producing the most.

As graphically illustrated in the problem tree presented below in *Figure 33* of the Project Document, the expansion of oil palm plantations, weak governance, and inadequate planning have resulted in forest encroachment and a poorly managed conversion of convertible forests. The environmental impacts are not limited to loss of forests, e.g., damage to water sources has contributed to negative effects to water supply and quality. The weak governance of the oil palm industry is partly attributed to limited stakeholder involvement, including customary people, lack of incentives to smallholder farmers, lack of information on ecosystem values and alternative management scenarios, and short-term strategic visions.

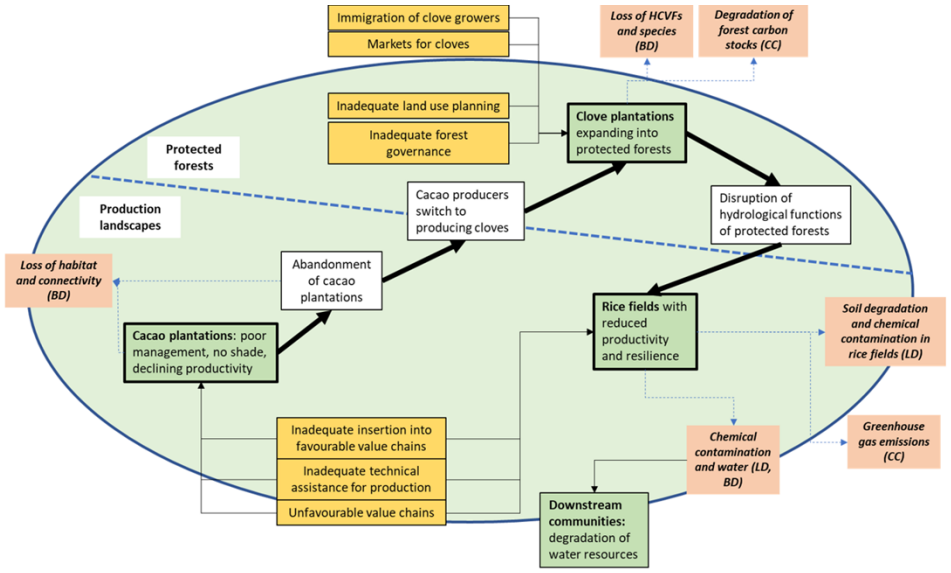


Project Document Figure 33: Problem tree associated with oil palm production in West Kalimantan and West Papua

Poor management practices, particularly among smallholder farmers, contribute to low productivity and lead to higher pressure to grab more lands, resulting in increased loss of biodiversity and ecosystem services. Moreover, the development of oil palm plantations in West Kalimantan, including in Sanggau District, have also disrupted traditional ways of life practiced by customary people. Furthermore, dissatisfaction among some of the plasma farmers in the province has resulted in conflicts between local communities, companies, and local governments.

South Sulawesi Province (landscape: Luwu District)

Although the target FOLUR crops in South Sulawesi are cocoa and rice, the dynamics of the landscape and of the process of environmental degradation that are affecting it are also determined by other productive elements, particularly clove production. As shown below in *Figure 34* of the Project Document, the economic attractiveness of clove production, coupled with inadequate forest governance conditions and the currently limited productivity and viability of cocoa, is leading to the expansion of clove production into forest areas: this in turn is resulting in watershed degradation with consequent impacts on the viability and sustainability of the major rice growing areas, located mostly on the lowlands downstream. Due to poor or inappropriate management, rice production in these areas, in turn, generates environmental impacts in the form of chemical contamination, soil degradation and GHG emissions.



Project Document Figure 34: Causal relations and spatial dynamics of environmental degradation in South Sulawesi

The provincial government has provided some initiatives for reforestation. The Forest Management Unit VIII Latimojong has developed a reforestation program through social forestry. However, the initiatives were not successful due to some factors, including community?s knowledge, perception, and expectation on social forestry management licenses.

Productivity and sustainability issues with cacao production in South Sulawesi

The low productivity of old-aged cacao trees and limited capacity in processing the product, have caused low market value of cacao products. Farmers also lack capacities and technical/financial support systems to adopt GAP practices and to produce cacao sustainably.

Key sustainability issues and challenges for cacao production in South Sulawesi include the following:

? Low productivity due to the old age of the plantations, and limited availability of superior cocoa seedlings to replace old cocoa plants

? Limited and poor management, further limiting productivity, including inadequate management of pests and nutrients

? Inadequate capacities for post-harvest management and processing

? Limited organizational capacities.

Sustainability issues with rice production in South Sulawesi

Paddy farmers in Luwu District do not in general apply appropriate technology that sustains the environment and enhances productivity in the long run. Farmers use excessive amounts of chemical fertilizer, pesticides and water, on the assumption that this will correlate directly with increased yields: this in reality has negative effects on food safety, soil degradation, water quality and ecological integrity (which in turn leads to further increases in pest problems).

Water availability is a limiting factor for sustainable rice production, in South Sulawesi Province in general and Luwu District in particular. Forest lost and degradation of water catchment areas at the upstream areas have caused disruption of the hydrological functions of the forest area, causing high surface run-off during the rainy season and low water infiltration into the ground. As a result, frequent floods that damage agricultural areas and other infrastructure occurs in the rainy season, while on the other hand there is a lack of water in the dry season so that it is unable to provide sufficient water supply for rice fields, especially those located at the downstream.

Cropping pattern and poor irrigation water management are other factors threating sustainable rice production. The farmers are mostly applying rice-rice-rice pattern in their rice fields: there is almost no crop rotation with other cereal crops (i.e. maize), leguminous, or vegetable crops mainly when the irrigation water insufficient. This cropping pattern has led high demand of irrigation water and no termination of pests and diseases life cycle. As a result, farmers have experienced mice and plant hopper attacks leading to crop failures.

Rice production is also affected by issues of water governance: planting rice over large area without time limits means that paddy fields downstream do not get enough irrigation water, causing crop and harvesting failures. In fact, the average cropping index in Luwu District for example during the period of 2013 to 2018 is only 1.93/year[1] which is still far from the cropping index of 5 times in 2 years (2.5/year) as targeted by South Sulawesi Provincial Agriculture Office and Luwu District Agriculture and Plantation Services.[2]

West Papua Province (landscape: Sorong District):

West Papua largely constitutes a ?frontier landscape? where there are major threats of environmental degradation related to unsustainable production systems and landscape management, but to date these have yet to materialize in practice.

At present, the most prominent environmental issue is the unsustainable planning of road development, leading to encroachment on forests. Although the rate of deforestation had been low (0.10% between 2006-2017), the development plan does not provide clear mitigation action to ensure forest is being protected and will pose a great deforestation threat in the near future. Furthermore, the central government, as well as the previous provincial governments, had granted concession licenses (forest and oil palm) totalling to almost 50% of the province?s area (based on West Papua?s spatial plan). Additionally, around 2 million ha of forest have been allocated for conversion (HPK, HTI & APL) according to the provincial spatial plan. However, most of the licenses and conversion plans are still not operational because of the lack of infrastructure, security, and most importantly, customary law and West Papua?s commitment as a conservation province declared by the current Governor. A detailed jurisdictional plan to save remaining forests from being converted while increasing the value of forest for community?s livelihood is necessary. At the same time, the province is granted ?special autonomy? to manage its resources (production and protection functions), making it even more necessary to strengthen the capacity of the current government to pursue conservation goals.

Sustainability issues with oil palm production in West Papua

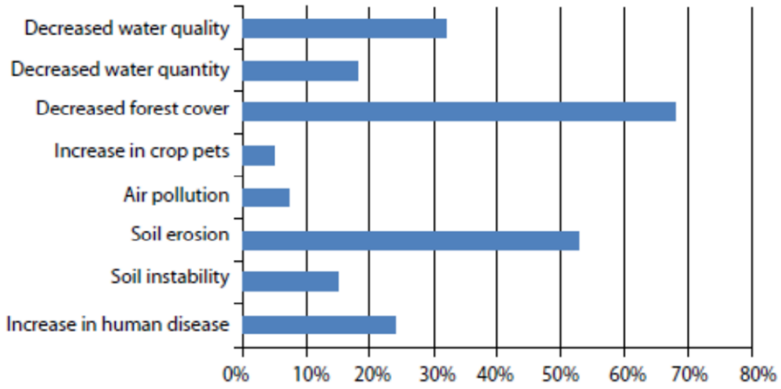
With abundantly rich and biodiverse forests covering around 90% of the province, monocultural palm-oil plantations potentially threaten forest ecosystems in West Papua. Considering that the establishment of West Papua Province is relatively new and the fact that there are only a few established oil palm companies in the province, the palm oil supply chain is less complex in comparison to other provinces and the contribution of West Papua to the national CPO production is low (only around 0.15%). However, the threats associated with potential expansion of oil palm production are similar to the situation in West Kalimantan Province, where the oil palm sector is more mature (see problem tree above in *Figure 33* of the Project Document).

In 2018, through the *Perdasus Pembangunan Berkelanjutan* (Special Provincial Regulation on Sustainable Development), West Papua Province pledged to allocated 70% of its land area for conservation. This has proven a challenging commitment, considering the socioeconomic development priorities of the provincial and local government units. Moreover, there are a number of oil palm companies having location permits, but not yet developing the lands into plantations. Establishing and maintaining oil palm plantations in West Papua Province have been met with complexities unique to this part of Indonesia. In a study[3] published in 2014, there were limited benefits generated for smallholder farmers participating in Nucleus Estate Smallholder Schemes (*Perkebunan Inti Rakyat* ? PIR). Local residents surveyed as part of the study reported a number of negative environmental impacts, including reduction of forest cover, deterioration of water quality, increased erosion, etc., as shown below in Figure 35 of the Project Document.

[1] The data are collected and analyses from the ?Luwu District in Figures? 2013 to 2019. Central Bureau of Statistic of Luwu District.

[2] Agriculture Strategic Plan of Luwu District 2019 ? 2024.

[3] Kesaulija FF, Sadsoeitoebeon BMG, Peday HFZ, Tokede MJ, Komarudin H, Andriani R and Obidzinski K. 2014. *Oil palm estate development and its impact on forests and local communities in West Papua: A case study on the Prafi Plain.* Working Paper 156. Bogor, Indonesia: CIFOR



Project Document Figure 35: Respondents' perceptions of negative impacts of oil palm development, Prafi Plain[26]

Local indigenous peoples were particularly unable to benefit from the palm oil estates, as conflicts arose with immigrant workers who migrated to the province under the PIR schemes. These conflicts resulted in local customary landowners demanding to reclaim land and demand compensation. And there have been legal uncertainties associated the status of land after business-use rights have expired.

2). Baseline scenario and associated baseline projects

Baseline activities:

Medium Term Development Plan 2020-2024 (RPJMN 2020-2024). The RPJMN is an important planning instrument that provides strategic direction to central and subnational level ministries,

agencies, and other bodies. Some of the key targets in the RPJMN 2020-2024 that are directly relevant to the FOLUR project objects are listed below.

? 1.93 million ha avoided forest loss between 2020-2024

? 65 million ha covered under Essential Ecosystem Area (KEE) scheme by 2024

? Restoration of 330,000 ha of degraded land by 2024

? Restoration of 30,000 ha of degraded peatland within community land by 2024

? Improved oil palm, coffee, cocoa and rice productivity

? Improving smallholders? capacities to implement good agricultural practices (GAP)

? Increase in ISPO and RSPO certification and promoting ?Green Refinery Standalone?

? Improvement of agriculture-based downstream industries

? Increasing the number of extension officers

The Palm Oil Plantation Fund, also known as the CPO Fund: the CPO Fund is managed by the Indonesian Palm Oil Plantation Fund Management Agency (BPDPKS). The agency was formed by the government to support the country?s efforts in realising sustainable palm oil production. The fund is regulated through Presidential Regulation No. 61/2015 jo., Presidential Regulation No. 24/2016 jo., and Presidential Regulation No. 66/2018. Up to 2018, through collection of CPO expert levies, the fund amassed more than one billion US dollars. The fund is predominantly used to subsidise the biodiesel industry and oil palm replanting for smallholders. The expectation is that the replanting programme using quality planting materials will improve smallholder productivity, thus disincentivising smallholders from opening new land and encroaching into high conservation value forests. Between 2016-2019, a total of IDR 1.45 trillion Rupiah of the CPO-Fund was utilized for smallholder replanting programme, covering plantation area of 58,098 ha.[1] The FOLUR project offers opportunities to work with the BPDPKS in further strengthening their smallholder programmes.

Peatland Restoration: in 2016, the government established the Peatland Restoration Agency (BRG) through Presidential Regulation No. 1/2016. The BRG, mandated to coordinate and facilitate peatland restoration, reports directly to the President. In BRG?s workplan for 2016 ? 2020, as decreed in SK.16/BRG/KPTS/2018, the target of peatland restoration is 12.9 million ha, covering seven provinces: Riau, Jambi, South Sumatera, West Kalimantan, Central Kalimantan, South Kalimantan, and Papua. . The following table describes the strategic peat criteria for restoration in the seven provinces[2]:

BRG Criteria for Peatland Restoration in Seven Provinces	**Area (ha)**

Forest, Land, and Plantation Fire-Impacted Peatlands in 2015	877,394
Restoration of peat dome or deep peat already used for cultivation area	2,796,492
Protection of unopened and intact peat area	6,174,493
Repair of water management and improvement of control infrastructure	3,094,520

The restoration target for West Kalimantan is 149,901 ha, covering the following districts: Kubu Raya, Mempawah, Sambas, Ketapang, Kayong Utara, Melawi, and Sintang. Through the end of 2019, BRG had facilitated the restoration of 778,181 ha of peatland across the target provinces. In Papua Province, the realization of the restoration target as of 2019 is around 95%, predominantly through training provision for the local communities on alternative livelihoods and peatland protection. To further strengthen the efficiency of the programme, the Minister of Environment and Forestry issued a regulation (Minister Regulation No. P.6/MENLHK/SETJEN/KUM.1/2/2019) as a guidance for sub-national governments to assist the restoration implementation in the seven priority provinces. During formulation of the ILM plans in the FOLUR target jurisdictions, the project will coordinate with the BRG and their subnational counterpart agencies, in promoting improved management of critical peatland ecosystems.

PRONA Program: to support the implementation of the agrarian reform, the Ministry of Agrarian Affairs and Spatial Planning/Land National Agency leads the National Agrarian Operations Project (PRONA), which predominantly aims to aid community members in obtaining land tenure certificates, helping to resolve the extensive number of land conflict issues in the country.

GEF-6 Good Growth Partnership (GGP) Impact Program: Global impact program operating in four commodity producing countries, including Indonesia, Brazil, Liberia, and Paraguay. In Indonesia, the GGP project has facilitated the (1) legalization process of the National Action Plan on Sustainable Palm Oil into a Presidential Regulation, led by Coordinating Minister for Economic Affairs regulation; (2) draft Minister of Environment & Forestry Regulation on Essential Ecosystem Areas (KEE); and (3) draft Government Regulation on Life Support System as a greater umbrella for KEE protection. In Indonesia, the legalization of the National Action Plan in the form of a Presidential Instruction in 2019 has resulted in the implementation of various actions related to palm oil sustainability, such as training provision for smallholders, private sector partnership with independent smallholders, as well as protection of peat ecosystems at the landscape level in Pelalawan District (Riau), Sintang (West Kalimantan) and South Tapanuli (North Sumatera). The FOLUR will build upon the achievements of the GGP Impact Program and promote similar approaches in other provinces and for other commodities.

UNDP Green Commodities Programme (GCP), Sustainable Palm Oil Initiative (SPOI). SPOI is an alliance between the Government of Indonesia, the UNDP, the private sector, and other non-governmental partners to address key challenges in Indonesia?s palm oil sector.

UNDP supported, GEF financed project: Strengthening Forest Area Planning and Management in Kalimantan (KalFOR) (2018-2025). The project thus focuses on creating more effective land allocations and management of forest areas with high biodiversity and ecosystem services in the context of potential estate crop development in Kalimantan and particularly in the Heart of Borneo (HoB) area.

World Bank-GEF, Strengthening of Social Forestry in Indonesia (GEF ID 9600, GEF-6): the objective of the Strengthening of Social Forestry in Indonesia Project for Indonesia is to improve access to forest land use rights and strengthen community. The Project has three components: (1) Policy and institutional strengthening to support social forestry component will create an enabling environment for the successful development and strengthening of social forestry in Indonesia, and to allow for future sustainable scale-up of activities; (2) Strengthening community management within social forestry component will support the effective and efficient implementation of the SFP; (3) Project management and monitoring. The project is being implemented during the period of May 2020 until June 2025, with a total cost of USD 109.43 million. The implementing agency of the project is the Ministry of Environment and Forestry (MoEF). There are potential synergies, particularly with the proposed social forestry pilots proposed under Component 3 of the FOLUR project, but also with respect to the policy and institutional strengthening activities in Component 1.

IFAD-GEF, Sustainable Management of Peatland Ecosystems in Indonesia (SMPEI) (GEF ID 5764, GEF-5) and the **IFAD-GEF, Integrated Management of Peatland Landscapes in Indonesia (IMPLI)** (GEF ID 9239, GEF-6) have complementary objectives to the FOLUR project, i.e., promoting sustainable peatland management, securing carbon stocks, and conserving biodiversity while improving the living standards of local communities. Peatland ecosystems are prevalent in the FOLUR landscapes, and synergies will be explored with the MoEF, the Executing Agency for the IFAD-GEF projects, as well as the local teams.

Green Climate Fund (GCF) Results Based Payments (RBP) project proposed by the Government of Indonesia, to be implemented by the Ministry of Finance, with technical support of the Ministry of Environment and Forestry and the UNDP in its role as a GCF Accredited Entity, and along with multiple national and local governing institutions, civil society representatives, and private sector actors. The proposed RBP project is based on Indonesia?s National REDD+ Strategy, strengthening the underlying REDD+ framework and enabling environment, supporting and operationalising of Forest Management Units, and expanding and enhancing the implementation of the Social Forestry Initiative.

The Lion?s Share Fund: led by UNDP and a coalition of businesses and UN partners, the fund aims to raise USD 100 million per year within the next five years, with the money being invested in a range of wildlife conservation and animal welfare programs to be implemented by United Nations and civil society organizations. One of the landscapes for this initiative is Leuser Ecosystem covering Aceh and North Sumatera provinces.

Coalition for Sustainable Landscapes (CSL): led by Conservation International, CSL is a group of civil society and private sector organisations with a shared interest in sustainable development, active investments in Aceh and North Sumatra, and strong desire to work collaboratively with government. The members of the coalition have agreed to work collectively to achieve common objectives for

smallholder livelihoods, sustainable agricultural production and conservation in North Sumatera and Aceh. The coalition aims to create sustainable commodity value chains that create business and livelihood opportunities for the people of Aceh and North Sumatera.

German technical cooperation projects implemented by the **Deutsche Gesellschaft f?r Internationale Zusammenarbeit (GIZ)** on behalf of the **German Federal Ministry for Economic Cooperation and Development (BMZ)**:

- **Sustainable Agricultural Supply Chains in Indonesia (SASCI) Project**. ThisThis technical cooperation initiative is being implemented in Kapuas Hulu district, West Kalimantan with the overall objective to reduce deforestation and loss of other HCV areas from expansion of estate crop production by smallholder farmers, predominantly in palm oil and rubber
- **Sustainability and Value Added in Agricultural Supply Chains ? Country Project Indonesia**. This technical cooperation initiative is one of eight country measures under a global programme, with the objective to increase the sustainability of selected agricultural supply chains in the partner countries. The project in Indonesia shall focus on improving the supply chains of palm oil, natural rubber, cocoa, and coffee, from the smallholder farmers to the global markets, in two geographical target regions, UNESCO biosphere Betung Kerihun Danau Sentarum (Kapuas Hulu district in W. Kalimantan) and UNESCO biosphere reserve Lore Lindu in Central Sulawesi.
- **Supporting Smallholder Coffee Growers in Southeast Asia**. GIZ is working on increasing coffee production in Indonesia, the Philippines and Thailand. The objective of this project is that smallholder coffee farmers have improved the economic situation of their farms, i.e. they produce coffee and other crops in a profitable and sustainable way and thus increase their yields and incomes. The 7000 smallholders targeted in Indonesia (Lampung/ Sumatra) have little access to new know-how and services.

EU-HIVOS-NTFP-ASPPUK Promoting Sustainable and Equitable Consumption and Local Food Systems in Indonesia (2018-2022). Promoting fair trade agricultural products, the EU-HIVOS-NTFP-ASPPUK project aims to strengthen the position of micro, small, and medium enterprises and smallholder farmers and to help them contribute to healthy diets for consumers while preserving biodiversity.

Cocoa Life Programme: In Indonesia, Mondelez collaborates with Olam and Cargill to implement training, replanting and yield improvement programs for cocoa farmers in Sumatera and Sulawesi. By 2022, Cocoa Life plans to connect more than 50,000 farmers to Mondelez?s supply chain. Currently, around 42,000 farmers are currently participating in Cocoa Life in Indonesia. In additional to GAP training, Cocoa Life Program also focuses on cocoa community empowerment efforts related to: (i) enhanced household financial and business management, (ii) literacy, (iii) education on issues of child labour and forced labour, and (iv) child protection. The program also implements activities related to forest conservation and restoration, predominantly through agroforestry practice.

As the largest exporter of Robusta coffee, a leading exporter of Arabicas coffee, and the leading exporter of cocoa products in Indonesia[3], **Olam** has made extensive sustainable sourcing investments in the country, aimed at strengthening sustainable cocoa and coffee production chains and food systems through farm diversification programs and integrated landscape approaches, including activities on enhancing farmer capacities, establishing seedling nurseries, developing demonstration farms, and carrying out mapping, surveys, and verifications.

The **Unilever Sustainable Living Plan**[4], a blueprint for achieving the company?s vision to grow their business, whilst decoupling their environmental footprint from their growth and increasing their positive social impact. Committed investments include support for jurisdictional approaches and landscape partnerships with governments and nongovernmental organizations aimed to enhance not only sustainable and deforestation-free supply chains, but also conservation of critical ecosystems more broadly in Indonesia, particularly in the provinces of Aceh, North Sumatera, Riau, Central Kalimantan. Some of Unilever?s successful sustainability programmes include[5][5]:

? In partnership with Daemeter and PT. SKIP (an independent mill) 4,000 smallholder farmers had been mapped with 1,864 farmers attended farmer field schools and 26 extension officers trained and employed in two districts in Riau Province.

? In January 2018, Unilever signed a MoU with a state-owned enterprise (PTPN) to support 25,000 smallholder farmers in priority landscapes by 2030 to produce palm oil according to NDPE standards.

? In partnership with INOBU, the firm is piloting a jurisdictional approach in Central Kalimantan with independent smallholders ? addressing a geographical area and working with communities of smallholders and local government to increase yields and prevent deforestation.

Starbucks Coffee and Farmer Equity (C.A.F.E.) Practices, is the cornerstone of the company?s ethical sourcing approach to buying coffee. Launched in 2004, C.A.F.E. Practices is a verification programme that measures farms against economic, social, and environmental criteria, designed to promote transparent, profitable, and sustainable coffee growing practices while protecting the well-being of coffee farmers, their families, and their communities. Under this programme, Starbucks established a Farmer Support Centre in Berastagi in North Sumatera Province. The centre works closely with farmer communities and Starbucks partners to enhance farmers? knowledge in efficient coffee farming and agriculture to enable a better production outcome and sustainable farming practices. Farmers participating in the C.A.F.E Practices have been able to increase their productivity as well as obtain premium coffee price from Starbucks.

USAID Sustainable Landscape Partnership (SLP). Two of the four regions that the SLP in Indonesia focused on were aligned with the FOLUR landscapes, namely Mandailing Natal District in North Sumatera Province and West Papua Province. The SLP worked with the MoEF, local governments, private sector and local communities on implementing business models that foster green development, specifically through economic alternatives to deforestation. The FOLUR project will

build upon the experiences and lessons from the SLP, and also explore co-financing opportunities for any follow-up investments by the USAID under the SLP or similar initiative.

OXFAM Novib Fair Company-Community Partnerships project (2017-2021); a multiple country project operating in Indonesia, Nigeria, and the Democratic Republic of Congo, with the long-term objective of ?FAIR? company-community partnerships creating exploitation-free and deforestation commodity supply chains, with economic benefits for smallholder families and protection of community land rights. FAIR is an acronym that stands for 1) Freedom of choice; 2) Accountability; 3) Improvement of benefits; and 4) Respect for rights. In Indonesia, PepsiCO is partnering with OXFAM Novib on enhancing the participation of women and smallholder farmers in sustainable oil palm value chains.

The investments above provide solid foundations on which this project will build: in particular, the Government of Indonesia is committed to improving agricultural productivity and sustainability, and the protection and restoration of priority ecosystems; there are major investments by the Government and donors to enhancing farmers? capacities for sustainable production and management; and there is strong commitment and increasing levels of investment and experience by private sector actors (including multinational corporations) in relation to sustainable sourcing of globally important crops and commodities produced in Indonesia.

Through the focused investment of GEF resources, together with strong cofinancing, this project will bring together and build on these baseline investments, resulting in a transformational change to a situation which addresses the relations between food systems, environmental sustainability, social considerations and economic development in an integrated rather than a compartmentalized manner; integrates and reconciles multiple dimensions and dynamics of food systems and ecosystems at the levels of landscapes, jurisdictions, farming systems and livelihoods, in addition to solely field-level considerations of productivity; moves the baseline situation towards one where landscape management is based on consensus among multiple stakeholders; and brings together the multiple major value chain actors in order to foment transformational change in how value chains function in favour of sustainability.

Long-term vision :

The long-term situation that the project will help the Government of Indonesia to bring about in the target landscapes and food systems, in collaboration with, and with the participation of multiple stakeholders at district, provincial and national levels, is one where the selected agricultural commodities (palm oil, coffee and cocoa) are produced in the target landscapes and beyond in ways that:

? Generate benefits for the economy at local and national levels.

? Minimize impacts on global environmental values (biodiversity, carbon stocks and the productive potential of natural and anthropic ecosystems).

? Are sustainable in productive and social terms.

? Are integrated with the livelihood support and food production systems of local populations, and do not undermine the resilience of their livelihoods or their access to safe and nutritious food.

While economic development policies at national and province levels provide for the continued conversion of certain designated areas of forest to agricultural use, the vision of the project is that, through the implementation of informed, inclusive and effective processes of land use planning and natural resource governance, this will be done in such a way as to minimize negative impacts on environmental values or on the generation of ecosystem services.

At landscape level, the vision of the project will be that in the medium term landscapes will reach conditions of sustainable yet dynamic equilibrium, responding and adapting to evolving conditions; and that the benefits and costs resulting from natural resource management and production in the landscapes will be distributed in the most equitable way possible among different stakeholder groups both within and beyond the landscapes themselves, particularly with regard to considerations of gender, ethnicity and inter-generational equity.

In accordance with the aims of the FOLUR Impact Program, in its interactions with value chains (which are understood in this context to extend from sustainable production and input systems through to the end customer), the project will pursue the following interrelated objectives: a) to help ensure the sustainability of food supply along the value chains of globally important commodities and food crops, through the integrated landscape management approach and the application of principles of agroecology; b) to reduce the negative impacts of value chains on environmental values; and c) to realize the potential of value chains to exercise leverage of sustainable management at farm and landscape levels and thereby generate positive environmental impacts.

Barriers towards achieving the long-term vision:

The durable resolution of these threats is hindered by a number of barriers, which the project will aim to address.

Barrier 1: Compartmentalized visions in policy, planning and landscape management frameworks

? Sector-specific divisions continue to dominate policy, institutional and planning frameworks: policy-makers and planners lack the means adequately to balance and integrate sector directions in ways that optimize net social benefits and realize the potential for synergies between sustainable production and the protection of natural resources.

? Narrow jurisdictional and sector-specific visions typically prevail in land planning, meaning that inadequate provision is made for the maintenance of flows of ecosystem services, across landscapes within and among jurisdictions (provinces, districts and sub-districts), on which sustainable production and development depend.

? The exposure of farmers? livelihoods to the effects of climate change and global market volatility on cash crops, and the associated implications of this for landscape stability, are exacerbated by narrow cash-crop focused development models. These also potentially undermine farmers? food security if the cash crops displace food crops.

? Improvements to governance conditions are hindered by limitations in the capacities and effectiveness of the institutions responsible for enforcement, due to a combination of inadequate prioritisation in policy decisions on budget allocations, inadequately developed relations with social structures in local communities, and entrenched weaknesses in social governance conditions.

? Effective and sustainable governance, and the negotiated definition of socially-sustainable options for production and landscape management, are further hindered by the inadequacy of mechanisms for effective representation of the interests of the different stakeholder groups in the landscape: for example, those who depend on access to reliable water resources for irrigation or consumption may be unable to bring influence to bear on how upstream watersheds, from which water supplies come, are managed; while those potentially affected by limitations on their productive or extractive activities aimed at protecting environmental values may miss the opportunity to be compensated for the impacts of this on their livelihoods.

Barrier 2: Inadequate capacities and incentives for sustainable production and restoration

? Currently there is limited long term commitment, support, and investment by commodity buyers into encouraging more sustainable production practices. Buyers seeking sources of sustainable production currently focus on their own supply chains and the product they source and not on practices more widely in the sector or on how they can support the enabling conditions for sustainable production. This is beginning to change with more companies looking to take a landscape or jurisdictional approach, but these approaches have yet to scale up.

? **In respect specifically of smallholder farmers, there has been limited inclusion into sustainable value chains** means that they are unable to take advantage of market opportunities that actively reward sustainable production. Despite some promising exceptions, where major international value chain actors are interacting directly with farmers and local communities, sourcing from and supporting producers carrying out sustainable production practices, large numbers of farmers remain in convoluted value chains over which they have little control, and which fail to provide them with any significant reward for any investments in sustainability. This is due to a combination of limited opportunities to interact with alternative sustainable value chain actors, and limited capacities to meet their requirements in terms of reliability and quality of supply, such as those set out in the standards of industry-based or third party environmental certification schemes.

? **Limitations in the reach and approaches of extension services** constrain farmers? abilities to identify and apply sustainable alternative options for production and resource management. Extension services tend to be sector- and crop-specific, with a strong focus on agronomic and productive issues at

the expense of considerations of environmental sustainability or landscape dynamics, or of how cash crops relate to other components of farm families? overall livelihood strategies.

? The inadequacy of mechanisms for internalizing the economic benefits of ecosystem services limits the ability and motivation of communities and other resource managers to invest in ecosystem protection and restoration. Healthy ecosystems (both natural and agricultural) are capable of yielding a wide range of economic benefits for stakeholders at local, national and global levels, such as the regulation of hydrological regimes on which production and domestic water supply systems downstream depend, and the storage of carbon as a contribution to the mitigation of global climate change and its negative economic impacts. At present, however, the scale and nature of incentives for ecosystem protection and restoration are not commensurate with these potential economic benefits.

Barrier 3: Limitations in the flow of knowledge and information

? Limitations in the flow of knowledge and information further constrain the abilities of policymakers, planners, farmers and value chain actors to identify innovative and sustainable options for production and resource management, and respond adaptively to successes, failures and trends on external conditions.

Summary of problem analysis:

The unsustainable management of globally-traded commodity crops (cacao, coffee and oil palm), and their expansion into forest areas, are leading to major impacts on globally important biodiversity, the degradation of soil and water resources, the loss of carbon stocks, and the degradation of watersheds that are vital for maintaining water flows to rice production areas. Rice production is itself a source of globally significant environmental impacts, in the form of the contamination of soil and globally-important aquatic ecosystems due to excessive and inappropriate use of agricultural chemicals, and the generation of methane (a potent greenhouse gas) from flooded paddy systems.

A narrow focus on the production of globally-traded cash crops by farmers is environmentally and socially unsustainable ? even in the case of perennial crops such as coffee and cacao that have the potential to yield environmental benefits if appropriately managed ? because of the volatility of global markets for these crops and their vulnerability to the effects of global climate change.

A large number of major global value chain actors have committed to sustainable sourcing of the products that they trade, in order to comply with corporate social and environmental responsibility goals and to satisfy consumer requirements for sustainable production. This presents farmers with a major potential source of market-based incentives for sustainable production, but at present their ability to take advantage of this opportunity is constrained by their disconnection from these ?green? value chains and their limited technical capacities to satisfy their requirements in terms of environmental standards, product quality and reliability of supply.

Despite significant policy commitments to sustainability by the Government of Indonesia, capacities, knowledge, tools, regulatory instruments and incentives for putting these into practice are still inadequately developed, and the agricultural and environmental sectors continue to be highly compartmentalized, lacking the integrated vision that is required if social and economic development and landscape management are to be sustainable.

? In the policy and planning sphere, for example, there are policy gaps on incentives for sustainable agriculture and public-private-partnership, including the lack of derivative legislation or of consolidated action plans for sustainability in coffee, cocoa, or rice; multi-stakeholder collaborative initiatives to date have largely been commodity-centric, with uneven sector participation; there is inadequate integration of regulatory frameworks between national or local levels, or between sectors and jurisdictions.

? There is limited cross-sectoral coordination on reaching a common understanding on achieving conservation and sustainable use development objectives, and land use planning and management remain largely compartmentalized among sectors, with inadequate consideration in the plans or analytical instruments of environmental factors or ILM.

? There are still sustainability shortfalls across supply/value chains, with short-term planning horizons and limited investment in sustainable production. Traceability standards and systems and poorly developed, with the risk of smallholders being excluded from supply chains as a result; farmers also have limited capacities for grading and accessing market information.

? The provision of technical support to smallholders is generalized across landscapes, has limited coverage, and the technical content typically has a narrow and static focus on productive aspects.

? Comprehensive management plans for conservation and restoration of critical and degraded land are often not available, and the results of their implementation are not sufficiently monitored; what limited investment there is in conservation and restoration does not respond effectively to landscape dynamics or ecological needs at local level, with limited inclusion of local communities, who also are largely unfamiliar with local laws and regulations, monitoring and surveillance methods etc.

? There has been limited knowledge and information shared on success stories of how systemic change has been achieved through jurisdictional approaches and integrated landscape management, or on specific barriers that are hindering widespread change. Meaningful upscaling and replication are being constrained as a result of the limited flow of knowledge and information.

This situation has major implications for a number of stakeholder groups:

? Unsustainable management practices will ultimately undermine the sustainability of production systems and thereby the livelihoods of the families that depend on them (cacao, coffee, oil palm and rice farmers and their families).

? A narrow focus on cash crops that are vulnerable to climate change and price volatility will also undermine livelihood sustainability, as well as narrowing the diversity of goods and services that farming systems are able to provide ? these include food for home consumption if cash crops displace local (typically diverse and nutritious) food production and cash crop failure limits families? abilities to purchase food. A focus on cash crops at the expense of food and minor products tends especially to contribute to the marginalization of women: shortages of nutritious food have particularly significant impacts on children and the sick.

? The expansion of cash crops into natural ecosystems, and the resulting degradation of these ecosystems and their capacities to generate goods and services, has the potential to increase the marginalization of the poorer members of society: these may lack the capital and means of production to participate in such cash crop production, and at the same time tend to be more dependent on ecosystem goods such as non-timber forest products, the supply of which may be affected by forest conversion.

? The loss and degradation of forests and other ecosystems due to cash crop expansion and unsustainable management also has implications for stakeholders downstream, such as rice producers who depend on reliable water supply from watersheds for irrigation. Watershed degradation also has implications for downstream populations in general, as it increases their exposure to risks of flooding associated with storm events ? which may become increasingly frequent under conditions of climate change.

3). The proposed alternative scenario with a description of outcomes and components of the project and incremental reasoning

Summary of project approaches:

Integrated jurisdictional/landscape management approach

It is vital to address the problems described in the previous section from a perspective that combines integrated landscape management (ILM) with a jurisdictional approach. ILM recognizes the landscape-wide nature of ecosystem flows and social and productive dynamics, while the jurisdictional approach recognizes the realities of the institutional frameworks within which planning is carried out and decisions are made. The integrated jurisdictional/landscape management approach of the project will be applied in accordance with the LDN conceptual framework and GEF STAP guidelines for LDN, considering land potential and land stratification, current land degradation status, resilience of current and proposed land uses, socioeconomic context, including assessment of gender equality and barriers to participation of women and youth, and cost-benefit analysis of proposed interventions.

The application of a landscape approach will maximize the environmental and social benefits and sustainability of the project, by considering and responding to:

? Spatial variations in environmental values, vulnerability, and productive potential, in order to ensure that land uses optimize net benefits across the landscape as a whole.

? Spatial flows of environmental services across the landscape (in particular, the potential downstream impacts of production and management practices in watersheds).

? Landscape-wide biological relations, such as connectivity and the need for wildlife refugia.

? The potential indirect implications of land use dynamics (for example the risk of the expansion of cash crops/commodities into agricultural areas displacing food crop production pressures into forest areas).

The project design is predicated on protection and restoration of natural systems and their ecological functionality. Facilitated by multi-stakeholder collaborative processes, the project strategy promotes an integrated landscape management planning approach for achieving sustainable and resilient commodity/crop production and conservation of high conservation value (HCVF) and high carbon stock forest (HCSF) ecosystems. Bringing together cross-sectoral and multiple stakeholders into collaborative planning processes will help enhance the knowledge of the risks associated with zoonotic diseases like COVID-19 and how integrated landscape management approaches can help mitigate the risks and build social and ecological resilience of local communities. This is consistent with the ?One Health? principle, which promotes multi-stakeholder communication and collaboration in achieving better health outcomes ? this includes public health threats at the human-animal ecosystem interface.

Combining management and governance improvements

Improving the management of the target crops/commodities has the potential to generate environmental benefits on farm (see Global Environmental Benefits description below) and also to reduce the rates of conversion of forest to agriculture, if productive intensification reduces the area of land that needs to be used to satisfy demand for the crop and to meet economic development targets. The project will however recognize that if promoted on its own, without adequate safeguards, productive intensification has the potential to stimulate *increased* levels of productive activity ? thereby leading overall to increases in area coverage and forest conversion ? by making the crop/commodity in question more economically attractive[6][6]. In order to address this risk, the integrated approach of the project will ensure that actions to support improvements in productivity are always accompanied, and where possible preceded, by investments in strengthening land use planning, governance and market-based leverage to limit expansion into forest areas or other vulnerable ecosystems. Through strengthened governance structures, local governments, communities, companies, and NGOs will collaborate on ensuring sustainable production at scale, including prevention of manmade fires, which are significant sources of greenhouse gas emissions.

Building strengthened, resilient and food secure livelihoods

Although the project will focus principally on the target crops and commodities, three of which (oil palm, coffee and cocoa) are exclusively cash crops, it will also consider how their production relates to the overall livelihood and food security strategies of the people living in the areas where they are produced. Emphasis will be placed on an agroecological diversified farming systems approach that integrates and balances the production of cash crops and food crops, non-agricultural economic activity, and off-farm income generation, with the aim of maximizing livelihood resilience, intra-family equity and social and environmental sustainability.

Consistent with the objectives of the FOLUR IP, the project focuses on production landscapes and land uses within them to reduce loss of high conservation value and high carbon stock forests through sustainable intensification and diversification of farming systems. The project strategy has a particular emphasis on strengthening capacities of smallholder farmers and increasing their participation in sustainable value chains, which will lead to reduced pressures of forest resources, leading to a decrease of risk of human-nature conflicts. On-farm diversification and improved farming practices will contribute to increased food and income security of local communities, helping them coping capacities in response to the COVID-19 pandemic and other socioeconomic disruptions.

Building on existing collaborative efforts

With the complexity and scale of the landscapes and jurisdictions, this project will build on existing efforts and structures that support collaboration between ministries, sub-national government units, private sector, and non-governmental organisations. Examples include, but are not limited to, the Sustainable Palm Oil Forum (FoKSBI), the Cocoa Sustainability Partnership (CSP), Sustainable Coffee Platform of Indonesia (SCOPI), Sustainable Rice Platform (SRP), and the Coalition of Sustainable Landscapes (CSL).

Leverage of systemic change through value chains

Over the past two decades much of the private sector focus on sustainable palm oil has been focused on supply chain management and certification approaches. There have been limited cross-sector coalitions of companies looking to work pre-competitively ? and in partnership with the government ? on the wider enabling conditions. Increasingly companies are now recognising that a sustainable commodity sector requires (a) more effective public private collaboration to strengthen the enabling conditions for sustainable production and level the playing field for all producers and (b) a more systemic approach to change, particularly through more landscape and jurisdictional approaches, rather than focusing on individual supply chains. Therefore a key focus for the project is on improving public private and cross-sector, pre-competitive collaboration, particularly focused on improving the sustainability of commodity production at the landscape and jurisdictional level ? and, beyond that, to learn from the

experience of this project and work on the question of how landscape and jurisdictional approaches can be scaled.

For a systemic approach to be effective, the project will aim to convene all of the most important private sector producers across the landscapes, along with the key buyers, to facilitate dialogue and collaboration between them. The broad areas around which greater collaboration is needed are identified in this document, but we believe that pre-defining the specific activities in too much detail is counter-productive because the companies themselves need to identify where they want to collaborate during the implementation phase so that there is shared ownership and genuine commitment to the initiatives that are generated. The process for planning and coordination will also be developed jointly with the partners during implementation once there is greater clarity on the specific activities and roles.

In this regard, the companies providing project co-financing have been some of the key leaders in sustainability work in the region (including Mondelez, Unilever, Olam). Their current co-financing commitments to the project represent investments they are making in activities aligned with the project objectives. During project implementation that focus will not be on bilateral partnerships with the co-financing partners, but rather to work together with the co-financing partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale.

Inclusive business models

As part of this, an important issue will be to develop more inclusive business models, smallholders can provide a stable supply of higher quality and more sustainably cultivated products. Companies have an interest to invest in long lasting relationships that secure their sourcing, not only now, but also in the future by contributing to reduce the environmental impact of commodity/crop cultivation and to preserve the natural resource base. As such, inclusive business relations for sustainable products can be a pull factor for smallholder farmers to engage more in sustainable and climate smart agriculture, and for private companies to make their supply chain future-proof and sustainable.

The purpose is to link chain actors more effectively and to improve their relationship step by step, using a toolkit as a process to move forward. The focus is not only on contract farming, but also on building trust and transparency throughout the chain, based on mutually accepted inclusive business principles (e.g. the 6 principles of the LINK[7][7] methodology from CIAT) related to chain-wide collaboration, effective market linkages, fair and transparent governance, equitable access to services, inclusive innovation and jointly measuring of outcomes of the business relation.

The facilitation process will co-identify critical areas for improving and accompanying the design and implementation of inclusive business strategies and the evaluation of the effects of these changes on the business of smallholders and buyers.

It is common practice for a company to formulate a value proposition to its clients. However, a strong value proposition by the buyer to its suppliers, i.e. the smallholder farmers, is a key element for success. This value proposition can take various shapes but it shows how the buyer supports the smallholders it is sourcing from in their business: attractive price, payment modes, quality standards info, long term perspective, and a range of embedded services which may be required by the farmers to produce in quantity, quality, continuity and sustainably: technical advice, inputs supply, mechanisation services, data collection, link to credit, market information, farmers? organisation capacity, linking farmers to markets, fair trade, etc. Negotiations between the parties can focus on this value proposition. Key elements can be taken up in a farming contract.

Inclusiveness and participation

Given the magnitude and social complexity of the problems described, it is also necessary for Government institutions (especially at provincial and district levels) to work hand in hand with local communities, and for natural resource governance and management to be fully inclusive of all community-level stakeholders involved in the production systems in question, affected by their impacts, and potentially participating in the identification and implementation of sustainable alternatives.

The situation also calls for full, appropriate, and inclusive participation of the different ethnic groups present in the target localities. Unsustainable management may affect these groups differentially, as may the proposed sustainable alternatives for production and ILM. At the same time, these different groups may knowledge and experiences of traditional, sustainable, management models, with potential to be supported and scaled-out through the project: examples include the Gayo coffee polyculture system in central Aceh, and the customary tenure and governance systems in West Papua.

Participatory action learning

At farming system level, the project will work with farmers in a participatory ?action learning? approach (using the model of farmer field schools) to define management options that are compatible with farmers? livelihood sustainability. Rather than being a one-off activity, this ?action learning? approach will also aim to develop farm families? capacities to monitor and respond to evolving circumstances in an ongoing, adaptive manner: for example, by recognizing the volatility and vulnerability of global cash crops and developing a robust and flexible portfolio of alternatives to protect their livelihoods against their failure; and by continually experimenting with strategies for adapting the crop management to the effects of climate change.

In addition to participatory action learning, to build mutual understanding among the stakeholders about natural resource management models and encourage accelerated project implementation and its achievements, the project will facilitate peer-to-peer learning exchanges to successful areas. Peer-to-peer learning exchange is not only directed to exchange learning about technical and governance

matters, but also about regional development policies and integrated landscape management, both at the provincial and district levels.

The upstream-downstream communication/dialogues and relationship in each jurisdiction will be encouraged by involving various stakeholders in a landscape in order to develop a mutual understanding of the landscape condition and the affecting factors. The establishment of multi-stakeholder forums at the landscape level will be encouraged, facilitated, and developed during the project implementation period in order to develop more integrated joint at the landscape level, spatial planning and more responsible land use by considering carrying capacity, suitability, productivity, and sustainability of the ecosystem.

Systems leadership

Achieving progress on the sustainable development agenda requires a departure from traditional top-down, hierarchical, and linear approaches to implementing change. Instead it requires innovative and adaptive approaches that engage broad networks of diverse stakeholders to advance progress toward a shared vision for systemic change.

This approach is often called Systems Leadership. Researchers at Harvard recently defined Systems Leadership[8][8] as a set of skills and capacities that any individual or organization can use to catalyse, enable and support the process of systems-level change, comprised of three interconnected elements:

i. The Individual: The skills of collaborative leadership to enable learning, trust-building and empowered action among stakeholders who share a common goal.

ii. The Community: The tactics of coalition building and advocacy to develop alignment and mobilize action among stakeholders in the system, both within and between organizations.

iii. The System: An understanding of the complex systems shaping the challenge to be addressed.

As the GEF FOLUR programme strategically seeks system transformation, it is essential that all of these three factors are enabled in the programme. Development approaches previously have often ignored the individual leadership capacity and not invested appropriate in the community building around a shared vision for systemic change. In this case changing the systems around how we use land in favour of a more sustainable future for generations to come.

The project will invest in building the systems leadership capacity of landscape champions, and work to connect these with cross-border learning through the FOLUR global learning platform and the

UNDP Green Commodities Community, a systems leadership regional cohort for Indonesia, Malaysia, and Papua New Guinea in Year 1, and rotational hosting of these systems leadership modules, to support learning journeys in situ.

Decent Rural Employment

The project will contribute to FAO Organizational Outcome 2 (Under FAO Strategic Objective 3 "Reduce rural poverty") that ?The rural poor have greater opportunities to access decent farm and non-farm employment" by:

? Supporting the application of diversified agroecological farming systems with low levels of chemical inputs, thereby contributing to reducing farmers? exposure to harmful agricultural chemicals in the workplace.

? Where feasible and appropriate (subject to the results of participatory processes of situation analysis and technology formulation/validation in Farmer Field Schools), supporting the introduction of alternatives for sustainable mechanization in accordance with principles of appropriate technology, in order to reduce drudgery in agricultural work.

? Supporting the diversification of farming and livelihood systems: in addition to delivering improved GEBs, this will increase the diversity and the resilience of the employment opportunities open to farmers (women and men).

? Assisting farmers in achieving compliance with the environmental sustainability standards (such as the SRP Standard in the case of rice), which combine the delivery of environmental benefits and increase opportunities for income with compliance with standards on decent working conditions.

? Overall, the contribution by the project to the sustainability and resilience of production systems in its target landscapes will contribute to sustaining the rural economy (including opportunities for decent rural employment)?.

Targeting to maximize global environmental benefits:

The project will promote an objectively targeted, evidence-based approach to landscape management in order to maximize the delivery of global environmental benefits. The multi-stakeholder formulation of jurisdictional integrated landscape management plans under Component 2 will be informed by maps and inventories of HCV/HCS areas, and other priority or essential ecosystems including Key Biodiversity Areas (KBAs) and wildlife corridors in the five target jurisdictions. These maps and inventories will be based on desktop analyses on land cover and land use change: the secondary data will include the results of the provincial Strategic Environment Assessments, which include information on environment carrying capacity, climate change, biodiversity loss risk, and natural

disaster. Ground checks will also be carried out through sampling method to verify the presence of HCV/HCS areas and other priority/essential ecosystems in the five provinces.

Project theory of change:

The proposed GEF alternative to overcoming the barriers hindering sustainable commodity/crop management and governance of forest ecosystems is predicated on a participatory and integrated landscape management approach, as outlined below in the project theory of change, shown as *Figure 36* of the Project Document. As shown in this diagram, the theory of change for the project is broken down into the following three causal pathways.

Causal Pathway 1: Mainstreaming the landscape approach

The outputs and interventions under Component 1 are designed to strengthen the requisite cross-sectoral and multi-stakeholder enabling environment, including policy reform at the central government level and integrated landscape management planning (ILM) at provincial and district jurisdictional levels. Multi-stakeholder dialogue will be facilitated through systems leadership process, involving training key sustainability champions who will facilitate buy-in for mainstreaming ILM among the relevant partners. Multi-stakeholder commitment to policy advocacy and genuine multi-stakeholder collaboration are critical impact drivers for advancing the ILM approach, as is the Government of Indonesia?s continued commitment to environmental sustainability.

One of the key assumptions outlined in the project theory of change for advancing from project level outcomes to longer-term outcomes (intermediate states) and ultimately to durable impacts is that key stakeholders recognise the benefits in collaborating on integrated approaches on landscape management. It is also assumed that this high-level commitment is reflected among key institutions and that governance conditions in local jurisdictions are sufficiently flexible to adopt change. The longer-term outcome linked to these assumptions is to achieve enabling policies and ILM frameworks allowing land uses, ecosystem values and services and stakeholder interests to be reconciled. Mainstreaming these policies and ILM frameworks in the target jurisdictions and scaling up to other areas in the target provinces and in other jurisdictions in Indonesia will help insure landscapes are sustainably managed, leading to improved conservation of globally significant biodiversity, zero net land degradation, and substantial avoidance of GHG emissions.

Causal Pathway 2: Incentivising sustainable production and restoration

Achievement of longer-term outcomes also requires increasing levels of investment by private sector actors in responsible commodity value chains and adoption of sustainable agricultural practices by the producers in the landscapes, including independent smallholder farmers. Facilitating improved public private and cross-sector collaboration in order to mobilise increased investment into sustainable

production is an important part of the project ? particularly focusing on multi-stakeholder partnerships that can catalyse systemic change.

The improved landscape management approaches and good agricultural practices are assumed to reduce threats to critical ecosystems, whereby smallholders recognise the return on investment in making on-farm improvements such as soil conservation, leading them to maintain sustainable intensification and diversification practices rather than expanding commodity production into high value forests. This scenario is dependent on the following assumptions:

? Incentive mechanisms and support services are maintained and further operationalised across the project jurisdictions and ultimately throughout other parts of Indonesia. Local champions trained on the project will be crucial change agents in upscaling best practices in the two states.

? Actions in support of productive intensification form part of integrated packages that also make provision for the strengthening of natural resource governance and market-based safeguards, to ensure that they do not in practice motivate expansions in the area under production, as a result of the increased economic attractiveness of the production systems in question.

Achieving transformative change will depend on the availability and accessibility of public and private resources for incentives. This assumes that private sector partners share the vision of sustainable food systems and ILM, markets reliably reward sustainable production, and sustainable options remain attractive for farmers. An important factor driving this change is consumer demand and their willingness to pay for sustainable production.

Participatory models of conservation and restoration-rehabilitation of critical forest resources under the project will feed into the government?s commitment and regulatory framework for social forestry, assuming that governance conditions in the target landscapes permit restoration and conservation and local stakeholders are motivated and committed to participate. Over the longer term, ecosystem functions and environmental services will be ensured through conservation and restoration, with co-benefits generated for participating local communities. The effectiveness of these models will depend on enabling policies and incentives that are assumed will adapt to changing circumstances over time. There need to be clear linkages between conservation goals and social outcomes, e.g., diversification of livelihoods through sustainable use of forest resources, genuine collaborative management regimes involve local communities into decision-making and benefit-sharing schemes ? including women and other marginalised groups, and traditional knowledge is respected and protected.

Achieving the longer-term outcome of sustainable landscapes and food systems is interdependent on the enabling policies and frameworks in Causal Pathway No. 1, leading to food systems linking sustainable production, diversified and resilient livelihoods and green value chains in landscapes where ecosystem functions and environmental services are ensured through conservation and restoration.

Causal Pathway 3: Enabling adaptive management

Ensuring durable long-term impacts will depend on the system?s ability to adopt best practices and emerging knowledge regarding sustainable and resilient production, as well as adapt to changing socio-political and environmental conditions. The project will implement an inclusive knowledge management strategy that is also linked with the FOLUR Global Platform, facilitating collaborative interactions across local, national, regional, and global levels. The receptiveness of stakeholders to knowledge inputs is an important impact driver in this regard, and it is assumed that human resources and institutional frameworks remain stable. Another important assumption that is imperative to ensure the causal linkage on this pathway is achieved is a macro-policy context that remains stable, i.e., committed to sustainably managing the globally important natural resources in Indonesia. The coordination, collaboration, and knowledge management strengthened on the project will foster systemic change and replication, thus maximising the effectiveness, durability, and scale of the envisaged transformative impact.

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[1] BPDPKS, 2019, ?Realisasi Penyaluran Dana PSR?. <https://www.bpdp.or.id/Realisasi-Penyaluran-Dana-PSR>

[2] BRG, 2016, ?Rencana Strategis Badan Restorasi Gambut 2016-2020?. <https://brg.go.id/rencana-strategis-badan-restorasi-gambut-2016-2020/>

[3] Source: https://www.olamgroup.com/locations/asia/indonesia.html

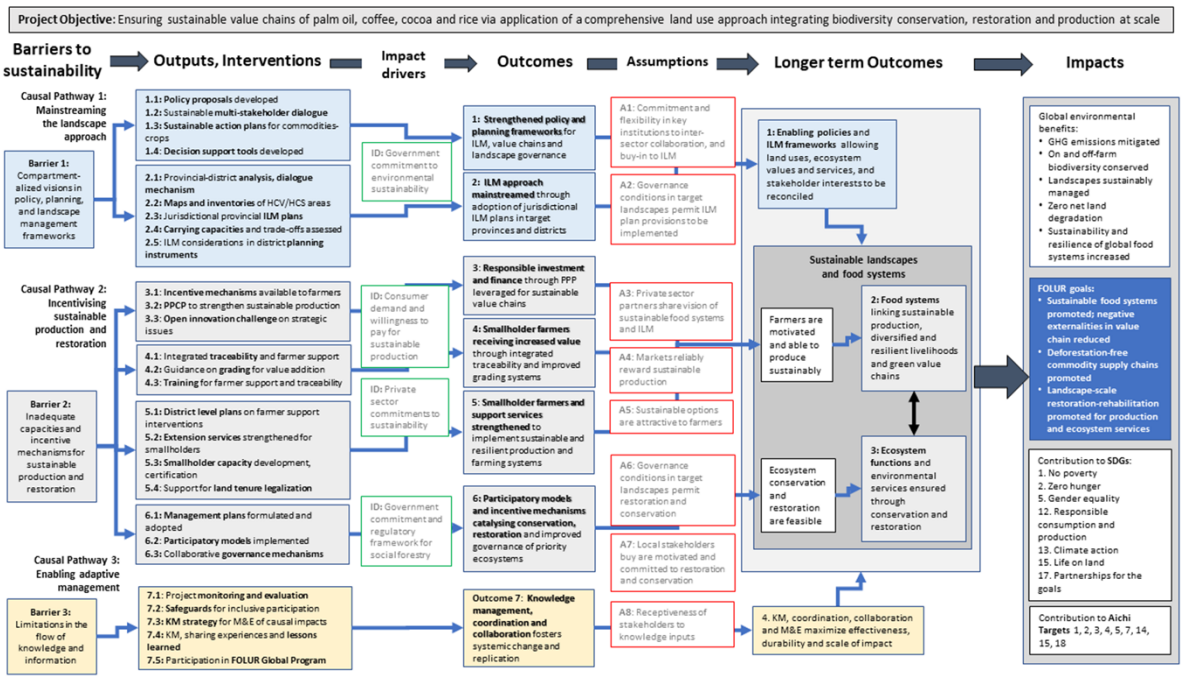
[4] Source: https://www.unilever.co.id/en/sustainable-living/

[5] Unilever Indonesia, *Sustainability Report 2019* < https://www.unilever.co.id/id/Images/sustainability-report-2019_tcm1310-553296_1_id.pdf>

[6] The **Jevons paradox,** when technological progress or government policy increases the efficiency with which a resource is used, but the rate of consumption of that resource rises due to increasing demand.

[7] Link: https://cgspace.cgiar.org/handle/10568/49606

[8] Dreier, L. et al. 2019. Systems Leadership for Sustainable Development: Strategies for Achieving Systemic Change. CR Initiative, Harvard Kennedy School.



Project Document Figure 36: Project theory of change

The project objective statement has been revised from the phrasing presented in the concept note. The revised statement is considered more in line with the FOLUR IP objective.

Project objective

To transform the management of oil palm-, cocoa-, coffee-, and rice-based food systems and landscapes in Indonesia for the generation of multiple environmental benefits.

Component 1: Enabling environment for sustainable value chains and integrated landscape management

This component focuses on strengthening the enabling environment in the target jurisdictions on developing and implementing integrated landscape management systems. The project will review existing regulations and policies related to land use and allocation, long-term and medium-term development plans, as well as regional spatial plans of the target provinces and districts. Mapping and inventories of HCV/HCS areas and other priority ecosystems of the five target jurisdictions will be assessed and upgraded to identify appropriate land allocations for production, protection, and restoration-rehabilitation. These results will be used to develop jurisdictional integrated landscape management (ILM) plans in the target provinces, which will delineate production, protection, and restoration-rehabilitation areas. Utilizing various land use assessment tools including Targeted Scenario

Analysis (TSA), the project will work with provincial and district stakeholders in enhancing informed decision-making processes. The implementation of the jurisdictional ILM plans will be monitored through a policy assessment and monitoring tool to ensure not only the adoption, but also vertical regulatory harmonization of the plans across national and sub-national levels. This tool will also be advocated for use by governments in other parts of the country for upscaling of integrated land use management.

Successful implementation of integrated landscape management approaches requires genuine multi-stakeholder collaboration. The project will introduce systems leadership techniques, which will entail developing capacities of sustainability champions in the target jurisdictions who will help facilitate collaboration across sectors and among government, private sector, and civil society stakeholders. Building on the work under the GEF-6 Good Growth Partnership (GGP), the project will strengthen existing multi-stakeholder forum including the Indonesian Sustainable Palm Oil Forum (or FoKSBI), Sustainable Coffee Platform of Indonesia (SCOPI), *Asosiasi Kakao Indonesia* (ASKINDO/Indonesia Cacao Association) and Sustainable Rice Platform (SRP), and drawing upon sustainability-oriented standards developed under the Indonesian Sustainable Palm Oil (ISPO) system, the Roundtable on Sustainable Palm Oil (RSPO) and the Indonesia Timber Legality Information System (*Sistem Verifikasi Legalitas Kayu* ? SVLK), the project will help develop a national sustainable agriculture platform, which will address issues across the value chains of palm oil, cocoa, coffee and rice. Based on experiences and lessons learned from development of the National Action Plan for Sustainable Palm Oil (NAP SPO)[1], the project will facilitate a participatory, multi-stakeholder process in formulating national level action plans on sustainable production of cocoa, coffee and rice that also include strategies on strengthening farmer support systems.

Additionally, the project will establish and/or strengthen five provincial and five district level platforms on sustainable agriculture and landscape governance involving government, private sector, CSOs and local communities. The project will also review and strengthen at least five national and sub-national level policies, regulations, or government programs to ensure the implementation of conservation agriculture and/or protection of essential ecosystems. These multi-stakeholder platforms will also become an important channel to engage and involve women and other vulnerable groups to address the issues across the commodity and crop supply chains.

Outcome 1: Strengthened policy and planning framework for integrated landscape management, commodity and/or crop value chains and landscape governance at national and sub-national levels, informed by multi-stakeholder engagement

Key Government Partner: CMEA

Outcome 1 predominantly focuses on strengthening the enabling environment for integrated landscape management and sustainable and resilient production, both at the national and sub-national levels. Through participatory multi-stakeholder approaches, the project will review, formulate, and/or strengthen key priority policies or regulations related sustainable value chains. An innovative systems leadership process will be rolled out to enhance the durability of multi-stakeholder participation and

promote cross-sectoral and regional collaboration. Aligning with government level and private sector roadmaps towards achieving sustainable commodity/crop production in Indonesia, the project will develop sustainable action plans for coffee, cocoa, and rice, building upon experiences and lessons learned in the development of the national sustainable palm oil action plan, and addressing climate change and other environmental and socioeconomic risks. Furthermore, the project will work on ensuring policy harmonization by developing a policy integration assessment tool, which will feed into the One Map policy currently implemented by the Government of Indonesia.

The baseline situation and incremental reasoning for Outcome 1 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
Output 1.1: Policy analyses and proposals developed for national and/or sub-national level policies, regulations, or government programs to improve commodity/crop value chain and to ensure the implementation of conservation agriculture and/or protection of essential ecosystems	

Summary of Baseline Situation	Incremental Reasoning
Indonesia?s economic growth relies largely on natural resources, and policy frameworks have progressively balanced economic performance with protection of the country?s natural capital. The National Medium-Term Development Plan (RPJMN) 2020-2024 reinforces this commitment, outlining a series of efforts to mainstream green growth and low carbon development. With respect to sustainable and resilient commodity production, there are certain policy gaps especially on incentives for sustainable agriculture and public-private-partnership. For instance, Government Regulation No. 46/2017 on Environmental Economic Instruments provides a regulatory framework for collecting, managing, and disbursing incentives for environmental related programs, but the requisite derivative legislation for implementation is not in place. Additionally, when it comes to farmer support systems, the Law No. 39/2014 on Plantation, in particular Article 88 on smallholder support, does not specifically mandate plantation companies to support smallholders; hence, there is a needs for the national government to reaffirm the responsibility of companies to appropriately contribute to strengthen the capacity of extension officers (private and public) and smallholders, by formulating a derivative regulation on private sector partnerships for extension service. The legalization on a tax incentive mechanism for these companies will also encourage them to contribute to strengthening farmer support systems. More information is provided in *Annex 14* to the Project Document (*Baseline report on governance, policy, and land use planning*) and in *Annex 15* to the Project Document (*Baseline report on commodity value chains and farmer support systems*).	The GEF alternative provides targeted support in advancing enabling policy frameworks, particularly related to sustainable and resilient production of commodities/crops. Legal frameworks for incentive instruments are necessary to encourage the implementation of environment programs, as well as private sector contributions to support farmers to pursue sustainability. Here, a derivative regulation for environmental economic instrument will provide enabling condition for green investments in environmental programs and interventions. Similarly, formulation of a Minister regulation on private sector partnerships will reaffirm company?s contribution to strengthen farmer support systems, in this case, extension service for smallholder capacity building. This regulation will become a legal umbrella for PPP in commodity/crop sector. And to further accommodate the implementation of this minister regulation, developing a technical regulation on tax incentives for companies who provide extension services for farmers or governmental extension offices will help encourage and integrate the disparate number of activities of private enterprises, civil society, and governmental sectors.
Output 1.2: Strengthened multi-stakeholder dialogue mechanisms on landscape management and sustainable commodity/crop production	

Summary of Baseline Situation	Incremental Reasoning
Multi-stakeholder dialogue mechanisms have been instituted, for example, the Indonesian Sustainable Palm Oil Forum (FoKSBI) launched in 2014 by the Ministry of Agriculture is a collaborative space involving government, private sector and civil society partners for guiding the implementation of the national action plan for sustainable palm oil production, which was legalized in 2019 through presidential decree. The Cocoa Sustainability Partnership (CSP) has been in place for a number of years, led by private sector and the civil society with strategic involvement by governmental partners. Similarly, the Sustainable Coffee Platform of Indonesia (SCOPI) was established in 2015 to promote public private partnerships. The multi-stakeholder collaborative initiatives, however, are largely commodity-centric and there is generally uneven participation by one or more sector, which has led to compartmentalized visions and approaches towards land use. There is also a lack of qualified facilitators or change agents to help foster genuine collaboration among multiple stakeholders. More information is provided in *Annex 8* to the Project Document (*Multi-stakeholder collaboration and stakeholder engagement plan*).	The GEF alternative involves strengthening the enabling environment for multi-stakeholder collaboration through rolling out a systems leadership approach to build durable capacities among government departments and agencies, private sector and civil society. Moreover, the project will build upon existing multi-stakeholder mechanisms by applying an integrated landscape management approach, that recognizes the fact that many different commodities and crops are produced in the same landscape, where local stakeholders are balancing socioeconomic development objectives with conservation priorities.
Output 1.3: Sustainable action plans on cocoa, coffee and rice that also include strategies for strengthening farmer support systems formulated, adopted, and initial implementation monitored	
The National Action Plan on Sustainable Palm Oil (NAP SPO) was developed in line with government regulations and sustainability challenges facing the sector, provides a practicable framework for advancing the uptake of sustainable and resilient production across Indonesia. The NAP SPO addresses data sharing and coordination, smallholders? capacities, environmental management and monitoring, governance and conflict resolution, and improved market access including through ISPO certification. There are a number of governmental policies and programmes, as well as initiatives led by the private sector and civil society, but there are no consolidated action plans for coffee, cocoa, and rice. More information is provided in *Annex 15* to the Project Document (*Baseline report on commodity value chains and farmer support systems*).	Utilizing the experiences and lessons learned from development and implementation of the NAP SPO and applying the Green Commodity Programme (GCP) methodologies, the GEF alternative facilitates multi-stakeholder coordination in the formulation of sustainable action plans for coffee, cocoa, and rice.
Output 1.4: Decision support tools for informing policy formulation and planning developed and/or strengthened	

Summary of Baseline Situation	Incremental Reasoning
As the fourth most populous country in the world, with extensive natural resource based economic output across 34 provinces with responsibility of some production and conservation functions devolved to subnational governments, there is a complex policy framework in Indonesia. The One Map policy introduced the government in 2018 is a significant achievement towards resolving overlapping land use issues. Achieving this goal will take time and with new policies introduced by different sectors, there remain inconsistencies on some fronts. Often, regulations implemented at the sub-national levels barely refer to the national law/regulations. At the same time, many of the national law/regulations are not being implemented at the sub-national levels. Unfortunately, there is currently no tool to assess policy/regulatory integration across sector and jurisdictions in Indonesia. More information is provided in *Annex 14* to the Project Document (*Baseline report on governance, policy and land use planning*).	The GEF alternative feeds into the One Map policy approach, through development of a policy integration assessment tool that will help enable consistency and coherency across sectors and jurisdictions.

Results expected through achievement of Outcome 1 include:

? **Improved consistency and relevance of policies in the project jurisdictions,** as indicated by at least 30% of policies assessed in the project jurisdictions, on issues of relevance to ILM and sustainable food systems, lead to higher score of using the policy assessment scorecard

? **Improved multi-stakeholder collaboration in integrated landscape management and value chains,** as measured by verifiable improvement along the ladder of systemic change scorecard (to be defined when baseline assessments are completed at project inception)

Output 1.1: Policy analyses and proposals developed for national and/or sub-national level policies, regulations, or government programs to improve commodity/crop value chain and to ensure the implementation of conservation agriculture and/or protection of essential ecosystems

Key deliverables/results:

? At least 5 analyses for the development/strengthening of national and/or sub-national policies or regulations, including: regulating harmful subsidies for the environment and biodiversity.

? At least 5 draft policies or regulations finalized and submitted to the Legal Bureau for legalization.

? Advocacy for the legalization of the policies or regulations.

Under this output, the project will support the refinement of governmental priority policies and regulations at the national and/or sub-national levels related to sustainable commodity/crop value chains as well as integrated landscape management. The policy/regulatory facilitation will be convened in multi-stakeholder participatory manner and meet the existing government?s priorities to promote sustainable development.

In full coordination and collaboration with national ministries (in particular Coordinating Ministry for Economic Affairs (CMEA) because relevant laws formulated need to be consulted with CMEA) and local government agencies, the project will provide technical supports only to strengthen the policies or regulations. The project will closely consult with the governmental stakeholders regarding appropriate regulations, laws, and policies to be formulated and/or strengthened through the project. Legal advisory and expert assistance will be delivered, as well as organization of multi-stakeholder dialogues and meetings, as the process will require buy-in and leadership from the relevant government authorities.

Currently, the draft Omnibus Law on Job Creation is being reviewed by the House of Representatives. The objective of proposed law is to enable consolidation and harmonization of sub-national regulations with national regulations. The bill instructs that all sub-national regulations must refer to the national regulations. There are eight laws related to the agriculture, forestry, fishery sectors, which have been assessed for harmonization within the draft Omnibus Law.

When selecting the specific regulations to be formulated under this output, the project will refer to the draft Omnibus Law. Regulatory needs and gaps will be reassessed at project inception according to the circumstances at that time. A few regulations to be **considered** (but **not necessarily selected and not limited to**) further by the project include:

? The formulation of a derivative regulation for the **Government Regulation No. 46/2017 on Environmental Economic Instrument**, which regulates how governments can collect, manage, and distribute incentives for environment-related programs or activities. This regulation has not been fully implemented due to the absence of derivative regulations.

? The formulation of a new technical regulation (i.e. a Minister regulation) to regulate tax incentives for companies who provide extension support for farmers or government?s extension services. There are two regulatory references for the formulation of this regulation: **Government Regulation No. 45/2019** and **Minister of Finance Regulation No. 128 /PMK.010/2019.**

? The formulation of a new Minister regulation on private sector partnership with commodity smallholders. There are two regulatory references for the formulation of this regulation: **Law 39/2014** and **Government Regulation No. 44/1997**, with particular attention to **Presidential Instruction No. 8/2018** concerning the Moratorium and Evaluation of Licensing for Oil Palm Plantations and Increasing Productivity of Oil Palm Plantations.

Indicative activities under Output 1.1 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
1.1.1.	Deliver advisory and facilitation support to CMEA and/or relevant technical ministry, other relevant national ministries and agencies, and provincial governments in the establishment and functioning of policy task force(s).	?	?	?	?	?	?
1.1.2.	Facilitate national and/or sub-national governments, and other actors as appropriate, in reviewing and generating recommendations of adjustments to, and/or drafting, policy briefs or legal academic paper and regulatory instruments.	?	?	?	?	?	?
1.1.3.	Through the participatory task force(s), prepare draft versions of policy briefs and regulatory instruments.	?	?	?	?	?	?
1.1.4.	Conduct stakeholder consultations on the draft white papers, policy briefs and regulatory instruments, and prepare final draft versions.	?	?	?	?	?	?
1.1.5.	Liaise with government officials and advocate for the regulation legalization.	?	?	?	?	?	?

Output 1.2: Strengthened multi-stakeholder dialogue mechanisms on landscape management and sustainable commodity/crop production

Key deliverables/results:

? Systems leadership and collaborative leadership capacity cocreated with national level champions for rollout in project jurisdictions with local champions (including those from the House of Representatives such as the Budgetary Chamber).

? Expert facilitation capacities created to deliver a high-level learning forum for sustainable commodities generating cross-initiative knowledge, efficiencies and relationships

? Innovation from learning forum and shifts in relationships create national level system changes for sustainable production.

? Indonesian Sustainable Palm Oil Forum (FoKSBI) is institutionalized with long-term financing mechanisms in place at national, provincial and district level and publicly reporting progress on the National Action plan for Sustainable Palm Oil.

For government officials, the project will consult with national and sub-national governmental stakeholders regarding the selection of the champions for the system change training. At the national level, the capacity building efforts focus on learning exchanges, innovation for systems change, awareness on short-term and long-term climate and disaster risks, and capacity development of systems leadership and dialogue facilitation at national level for roll out at landscape level. Learning from the FoKSBI is integrated and focuses on strategies for institutionalization and financing for long-term multi-stakeholder collaboration in cocoa, rice, coffee and palm oil commodities.

Indicative activities under Output 1.2 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
1.2.1.	Selection and participation of national champions (in particular government officials) in systems leadership cohort.	?					
1.2.2.	Co-creation of systems leadership development programme for provincial and district level champions.	?	?	?	?	?	?

1.2.3.	Development of multi-stakeholder dialogue facilitation capacity.	?	?	?	?	TBD	?
1.2.4.	Annual innovation and learning space organized and facilitated for nationwide work on sustainable commodities.	?	?	?	?	?	?
1.2.5.	Strategy and business model for embedding the palm oil platform developed, rolled out and applied to other commodities.	?	?	?	?	TBD	?
1.2.6.	National Action Plan for sustainable palm oil is monitored and updated with multi-stakeholder buy in.	?	?	?	?	?	

Output 1.3: Sustainable action plans on cocoa, coffee and rice that also include strategies for strengthening farmer support systems formulated, adopted, and initial implementation monitored

Key deliverables/results:

? Commodity sustainable action plans are aligned with ILM, TSA and spatial plans, as part of a holistic collaborative approach with similar stakeholders.

? Stakeholders are accountable for collective actions and reports on commodity sustainable action plans are published and proactively disseminated

? Provincial and district level government budgets include actions from the action plans.

? Private sector enterprises and/or coalitions align relevant components of their sustainability initiatives with the sustainable action plans on cocoa, coffee, and rice.

? Action plans fully incorporate gender and customary peoples issues.

? Joint diagnosis, investigation and agreement on systemic solutions for strengthening existing farmer support systems.

? Collective vision, strategies and implementation plans sub-national farmer support systems

Following the Green Commodities Programme (GCP) methodologies on developing commodity sustainable action plans and farmers support systems with multi-stakeholder collaboration for systemic change at the heart, national level sustainable action plans will be developed for coffee, cocoa and rice,

and each province and district will work in coordination to adapt the action plans and strengthen their farmers support systems, involving particularly the private sector and civil society already providing farmer support within the landscape. Lessons and experiences gained through the completion and roll-out of the National Action Plan for Sustainable Palm Oil will feed into the development of the sustainable action plans for the other commodities, e.g., the need for broad stakeholder involvement and proactive communications.

Indicative activities under Output 1.3 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
1.3.1.	Develop specific stakeholder engagement strategies for private sector and farmer support organizations.		?	?	?	TBD	?
1.3.2.	Secure a skilled facilitator to support the dialogue process.	?	?	?	?	TBD	?
1.3.3.	Carry out root cause and opportunity analyses for each commodity.		?	?	?	TBD	?
1.3.4.	Assess of the existing farmer support systems performance as it relates to a specific commodity.		?	?	?	TBD	?
1.3.5.	Create sustainable action plans and budgets including farmer support implementation plan.		?	?	?	TBD	?
1.3.6.	Facilitate joint implementation and monitoring of the action plans.		?	?	?	TBD	?

Output 1.4: Decision support tool for informing policy formulation and planning developed and/or strengthened

Key deliverables/results:

? A policy assessment tool developed and tested to enable assessment on policy integration and harmonisation among government jurisdictions and across government sectors.

? Scorecard system and annual monitoring reporting mechanism developed to assess integration.

? Based on the scorecard results, technical recommendations for actions/interventions developed, identifying areas/parts of regulations to be strengthened and/or revised.

In conjunction with the policy analyses under Output 1.1, under this output the project will support the development of policy assessment tools for analysis of policy/regulatory integration between (i) national and sub-national level policies/regulations and (ii) government ministries, agencies, and sectors. In terms of coordination, the leading agency will be the Coordinating Ministry for Economic Affairs (CMEA), with full access for the BAPPENAS, Coordinating Ministry for Maritime Affairs and Investments, MoEF, MoA and the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN) and their derivative agencies at the sub-national level.

The precise nature and functionalities of the policy assessment tool will be co-defined during project implementation. The tools will need to be cost-efficient and fulfil the needs of the governments at national and sub-national levels as it will be utilized by government entities. And the tool needs to be consistent with the One-Data (https://data.go.id/) and One-Map systems. The tool will not only cover the target landscapes but will eventually be used for other sub-national areas across the country. To ensure that the tool works, some policies within the target landscapes will be used for testing.

Based on preliminary analysis and consultation during the PPG phase, the policy assessment tool is envisaged to be have at least three functions: (1) policy screening, (2) scorecard system and (3) reporting mechanism. In general, the screening categories will comprise of the policy/regulation?s general requirements (including definition, foundation, incentives, and purposes), subject matter(s), criminal provisions (if applicable), transitional provisions (if applicable), and closing. As for the scorecard, the project may consider the *Scorecard Matrix**[2]** adopted from SDGs interaction assessment* below in *Table 15* of the Project Document. General annual monitoring reports on the integration assessment will be shared to the public, but the main users are the governments. Lastly, sectors or thematic issues to be assessed will need to cover:

1. Land use: land cover, permits, licenses, land use designation, etc.

2. Forestry/environment: forest designation and management, essential ecosystems (which includes KBA, wildlife habitat), biodiversity, peat moratorium, permits, licenses, chemical/waste management, water treatment, etc.

3. Spatial plans: national, provincial and district spatial plans

4. Development plans: national, provincial and district level development plans

Project Document Table 15: Indicative description of scorecard system for the policy assessment tool

Classification	Explanation	Score
Indivisible	Inextricably linked to the achievement of one or more other policies/regulations	+3
Reinforcing	Supports the achievement of one or more other policies/regulations	+2
Enabling	Creates the conditions that further the implementation of one or more other policies/regulations	+1
Consistent	No significant positive or negative interactions	0
Constraining	Limits options on the implementation of one or more other policies/regulations	-1
Counteracting	Clashes with another policy/regulation	-2
Cancelling	Makes it impossible to implement another policy/regulation	-3

Indicative activities under Output 1.4 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
1.4.1.	Carry out a needs-assessment and exploration options for policy/regulation integration and for developing capacities in national or regional institutions.	?	?	?	?	?	?
1.4.2.	Conduct desktop study on existing policy integration tools/systems, including cost-efficient online platforms for data integration service.	?					

1.4.3.	Co-development of policy assessment tool and standard operating procedure, with BAPPENAS or CMEA.	?					
1.4.4.	Training of BAPPENAS or CMEA on operationalization of the assessment tool.	?					
1.4.5.	Training of key Government agencies at national and sub-national levels on applying the tool	?	?	?	?	?	?
1.4.6.	Considering the results of an initial screening made by national governmental stakeholders, analyse the data and formulate a set of recommendations on specific gaps to fill and policies requiring strengthening.	?					

Outcome 2: Landscape management approach mainstreamed in the target provinces through adoption of jurisdictional integrated landscape management plans

Key Government Partner: BAPPENAS

Under Outcome 2, at the district level, the project will conduct detail analyses on economic and environmental carrying capacity as well as land suitability for oil palm, coffee, cocoa and rice. The results of the analyses will be translated into a number of land use scenarios for the target districts, which will inform the trade-offs across economic and environmental indicators. The district-level platforms will be utilized by stakeholders in the district to review and decide the most appropriate yet sustainable land use scenario for the district to pursue. The selected land use scenario will be incorporated into a detail spatial plans in the target districts.

The baseline situation and incremental reasoning for Outcome 2 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
Output 2.1. Provincial and district level situation analysis and dialogue mechanisms established and/or strengthened for integrated landscape management involving government, private sector, CSOs and local communities	
There are several intra-governmental committees at the national and sub-national level, as well as commodity specific platforms and coalitions involving private sector, civil society, and governmental partners. There are limited mechanisms in place for enabling genuine integrated landscape management and, importantly, the facilitation skills required to guide such processes are not easy to come by. More information is provided in *Annex 8* to the Project Document (*Multi-stakeholder collaboration and stakeholder engagement plan*).	The GEF alternative involves strengthening existing collaborative mechanisms by promoting an integrated landscape approach and through building systems leadership skills and capacities for ensuring durability of the results achieved during the project?s lifespan. The multi-stakeholder collaboration and coordination between different levels of government will be co-created by the stakeholders themselves in Year 1 in each jurisdiction, with the support of expert collaborative facilitation.
*Output 2.2. Maps and inventories of HCV/HCS areas and other priority or essential ecosystems**[3]** generated for five target jurisdictions, with categories for protection and sustainable production defined with accompanying management guidelines*	
Identification of potential essential ecosystem areas (KEE), key biodiversity areas, HCV/HCS forests and lands, critical or degraded land, areas having valuable cultural and natural heritage, etc. has been made across the project jurisdictions to varying degrees, and in some cases assessed through strategic environmental assessments (SEA) at the provincial levels. There are also land use and spatial plans in place at provincial and district levels. There is limited cross-sectoral coordination on reaching a common understanding on achieving conservation and sustainable use development objectives. More information is provided in *Annex 16* to the Project Document (*Jurisdictional profiles*).	The GEF alternative introduces a systematic approach regarding land use prioritization, based on available scientific information and through participatory consultations with multiple stakeholders in the landscapes.
Output 2.3. Jurisdictional provincial-level integrated landscape management plans delineating production, protection and restoration priorities formulated, legalized and monitored	

Summary of Baseline Situation	Incremental Reasoning
Land use designations are laid out in provincial spatial plans over 20-year period, and provincial long-term and medium-term development plans contain priorities over 20-year and 5-year time periods, respectively. While Indonesian government policies have emphasized landscape management approaches, actual land use remains largely compartmentalized among the various sectors, with limited integration of sector plans. In the past few years, the BAPPENAS has been advocating for the spatial-based, formulation of long-term and medium-term development plans. This means that development plans will have to refer to the spatial plan as well as the detail spatial plan. However, the traditional way of spatial plan formulation has not fully taken into consideration of newer environmental regulations such as the Government Regulation No. 71/2014 on the Protection and Management of Peat Ecosystem junto Government Regulation No. 57/2016, and the Presidential Instruction No. 5/2019 on Moratorium for New Concession License on Primary Forest and Peatland. It has now become more crucial that the land use plans adopt ILM approach to ensure environment sustainability, as they will become one of the main refences for the development plans at the sub-national level. More information is provided in *Annex 14* to the Project Document (*Baseline report on governance, policy, and land use planning*) and *Annex 16* to the Project Document (*Jurisdictional profiles*).	Facilitated through participatory and multi-stakeholder collaborative processes, the GEF alternative strengthens existing land use and development planning in the target provinces by formulating integrated landscape management plans that provide sustainable development frameworks. These ILM plans will not only consider the existing regulations in the country, but also the environmental, socio-economic and climate change dynamics.
Output 2.4. Environmental carrying capacity for key commodities and crop assessed and trade-offs analysed for five target districts	
Many Indonesian provinces and districts have evaluated environmental carrying capacity analyses as part of strategic environmental assessment (SEA) processes, and the results of these analyses are being increasingly incorporated development planning. However, the SEA process currently does not consider the biophysical suitability of priority commodities/crops of the district. As a result, the detail land use plans, as well as the development plans, which direct the use of land, do not consider the most appropriate areas suitable for the commodities/crops when deciding the land allocation for these commodities/crops. Meanwhile, climate change has significantly affected the biophysical suitability of key commodities/crops. This has led to lower productivity and shifting of land use into forested areas, especially at higher altitude. More information is provided in *Annex 16* to the Project Document (*Jurisdictional profiles*).	The GEF alternative builds upon provincial level environmental carrying capacity analyses by introducing forecasting tools and approaches for facilitating more informed decisions regarding land use planning. Targeted scenario analysis (TSA) will be used to support cost-benefit analyses, taking into consideration the biophysical attributes of the land, potential climate change impacts and other variables over a 50-year time horizon.

Summary of Baseline Situation	Incremental Reasoning
Output 2.5. Environmental sustainability and integrated landscape management considerations (e.g. protection of ecosystem service provision areas, biological corridors, fragile soils) incorporated into planning instruments of target districts	
Referencing to the provincial spatial plans, the district detail spatial plans and district zoning regulations are legal instruments that are part of the land use regulatory framework at the district level. More information is provided in *Annex 14* to the Project Document (*Baseline report on governance, policy and land use planning*).	The ILM plans are developed at the provincial level and adopted into provincial legal land use planning frameworks. As the district land use plans (such as spatial plans) refer to provincial plans, mainstreaming ILM considerations will be done through overlaying onto district detail spatial plans or through district zoning regulations, which would provide a legal foundation and, hence, ensure the durability of the project results.

Results expected through achievement of Outcome 2 include:

? **Mainstreamed landscape management approach**, as indicated by 46,900 ha of priority areas under improved management (1.474 million ha) is set aside for conservation as defined by provincial or district planning frameworks, or conservation decrees, regulations, programmes

? **Strengthened landscape management at the district level**, as indicated five (5) regulatory decisions that respond to the provisions of the land use plans

Output 2.1: Provincial and district level situation analysis and dialogue mechanisms established and/or strengthened for integrated landscape management involving government, private sector, CSOs and local communities

Key deliverables/results:

? Robust attendance from a cross-cutting selection of stakeholders represented by empowered and/or legitimate individuals

? Dialogue is characterised by increased trust, and compassion for the specific perspectives and needs of others

? Narratives used in meetings by stakeholders are aligned and reflect shared understanding and objectives

District level fora and provincial level platforms are the primary space for multi-stakeholder participatory dialogue and collaboration, to support the delivery of other outputs in component 1, 2 and 3. Where there is no existing space, new ones will be established. Where they already exist, the programme will build on their capacity to widen their remit and deepen their work to landscape level

and cross-commodity. Essential activities underpinning is developing the systems leadership capacity of local champions.

Indicative activities under Output 2.1 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
2.1.1.	Roll out of systems leadership and collaborative dialogue capacity development for local sustainability champions	?	?	?	?	?	?
2.1.2.	Establish and/or strengthen provincial level and district level fora for multi-stakeholder collaboration on integrated land use management, and specific commodities of relevance (coffee, cocoa, palm, rice), where they do not already exist.		?	?	?	?	?
2.1.3.	Run well-facilitated multi-stakeholder collaborative dialogue workshops, communications, awareness raising at provincial and district levels on ILM, TSA, spatial mapping, farmer support systems and other needs for sustainable land use management and restoration in the area.		?	?	?	tbc	?
2.1.5.	Create facilitation capacity in provinces and districts to support ongoing collaboration for systems change	?	?	?	?	?	?

Output 2.2: Maps and inventories of HCV/HCS areas and other priority or essential ecosystems[4] generated for five target jurisdictions, with categories for protection and sustainable production defined with accompanying management guidelines

Key deliverables/results:

? Five sets of maps (1 : 50,000) produced, identifying critical land areas (i.e. KBAs, HCV/HCS and other priority conservation areas or essential ecosystems) while considering the existing environmental laws and regulations in place.

The project will conduct desktop analyses on land cover and land use change as well as trends over time and associated driver, including gathering secondary data and information related to HCV/HCS and key biodiversity areas in the target jurisdictions. The secondary data will need to include the results of the provincial Strategic Environment Assessments (KLHS ? *Kajian Lingkungan Hidup Startegis*), which include information on environment carrying capacity, climate change, biodiversity loss risk, and natural disaster. Ground checks will also be carried out through sampling method to verify the presence of HCV/HCS areas and other priority/essential ecosystems in the five provinces. The desktop analyses and ground check results will then be consulted with local stakeholders. Based on stakeholder inputs and in line with the existing laws and regulations, the project will generate critical area maps to show the following three categories of land use prioritization, accompanied by management guidelines:

1. Priority I, defined as areas for complete protection and/or conservation of key biodiversity areas that are locally and globally important for life support systems.

2. Priority II, defined as areas with limited human activities are permittable through the application of good land management practices.

3. Priority III, where the land can be utilized for production, infrastructure, etc. (considering environment carrying capacities).

Following Indonesia?s Forestry Law, set-aside areas are envisaged to be mainly designated within the State Forest areas (i.e., Production Forest, Limited Production Forest, Convertible Production Forest), as the state forest areas cover more than 90% of the total terrestrial areas in Indonesia. Other Land Use (APL) areas, which are the only areas managed by the district government, are limited and most have already been allocated for commodity and food cultivation, housing, building etc. It must also be noted that State Forest areas are under the authorization of the MoEF with some delegation of authority to the provincial government. Therefore, set-aside areas will be mainstreamed predominantly into the jurisdictional ILM plans.

Indicative activities under Output 2.2 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
2.2.1.	Gather and assess spatial data, policies, and regulations such as: provincial and district spatial plans, SEA/KLHS, time-series land cover change data (10 years period), land systems, forest designation, concession, and secondary data related to HCV/HCS.		?	?	?	?	?
2.2.2.	Conduct desktop study to identify potential or indicative locations of the critical/key biodiversity areas (HCV/HCS and other priority or essential ecosystems or conservation priority area).		?	?	?	?	?
2.2.3.	Conduct field verification to validate the presence of critical/key biodiversity areas that have been identified through the desktop study.		?	?	?	?	?
2.2.4.	Convene multi-stakeholder consultations in at district levels to validate the preliminary results, and if necessary, confirm through ground-truthing.		?	?	?	?	?
2.2.5.	In West Papua, carry out separate customary peoples consultations.		?	?	?	?	?

2.2.6.	Finalize the maps of critical/key biodiversity areas to show 3 categories of land use prioritisation.		?	?	?	?	?

Output 2.3: Jurisdictional integrated landscape management plans delineating production, protection and restoration activities formulated, legalised, and monitored

Key deliverables/results:

? Land use/sustainable development scenarios (for 50-year period of time) formulated for the five target jurisdictions/provinces based on the identified priorities.

? Targeted Scenario Analysis (TSA) conducted for each land use/sustainable development scenario,

? One land use scenario preferred by stakeholders for sustainable development in the target provinces.

? Based on the preferred land use/sustainable development scenario, a jurisdictional sustainable landscape management plan for each target province developed, adopted, and disseminated.

Through a multi-stakeholder participatory process, the project will facilitate provincial planning units in analysing land use scenarios that will consider environmental dynamics over a period of up to 50 years.. The scenario development will be based on the identified priorities under Output 2.2, and take into account the following factors: (i) existing provincial spatial plan, medium and long-term development plans, (ii) existing spatial plans, land use and medium and long term development plans in all districts within the target provinces, (iii) climate change, e.g., using the FAO Agro-Ecological Zone (AEZ) tool, (iv) ecosystem resilience and carrying capacities, (v) biodiversity strategies and action plans, (vi) watershed management plans, (vii) agricultural and forestry sectoral plans, (viii) renewable energy development plans, (ix) economic priorities, and (x) socio-cultural dynamics in the landscapes. The land use scenarios will comprise of:

1. BAU or business as usual scenario, which will be based and will continue to base on the current spatial plans where the protection of critical ecosystems is limited to the conservation and protection forest.

2. Scenario 1 ? limited sustainable development path, which will consider existing land use activities and will only propose the protection of the remaining critical

ecosystems. Here, the scenario will not consider restoration and/or rehabilitation of the degraded areas.

3. Scenario 2 ? feasible sustainable development path, which will consider existing land use activities; however, not only that it will propose the protection of existing critical ecosystems; the scenario will also include restoration and/or rehabilitation of degraded ecosystems.

4. Scenario 3 ? optimal sustainable development path, which will describe the ideal situation where land uses comply with the existing environmental regulations and eco-biophysical attributes of land. This scenario will likely propose massive transformation of existing land use patterns.

Next, the project will conduct a Targeted Scenario Analysis (TSA) for each scenario and assess the projected costs and benefits over time of following a particular development path. Trade-offs for macro-economic, environment and social indicators will be estimated, and through multi-stakeholder dialogues, consultations, and agreement, one sustainable development scenario/path is selected for each FOLUR province. The project will then formulate the jurisdictional integrated landscape management (ILM) plan for the preferred development scenario, with zoning, management, monitoring and costed action plans included.

Additionally, the project will advocate for the legalization and adoption of this jurisdictional ILM plans, where initial implementation will be disseminated and monitored during the project life. The ILM plans will capture the biodiversity profile and biodiversity management plan as referred to in Minister of Environment & Forestry Regulation No. 29/2009. There are several options that the project may pursue for the legal umbrella of the ILM plans:

? Integration into the provincial spatial plan: this can be done by integrating new areas for protection into ?protection forest? designation.

? Integration into the provincial detail spatial plan: this can be done by integrating new areas for protection into detail zoning without changing the forest designation. For instance, areas with HCVs that are located within ?production forest? may be proposed for either ?complete protection? or ?limited cultivation? for management. This process will not require the changing of the forest designation.

? Integration into or development of: (i) ?peatland protection and management plan?, (ii) Essential Ecosystem Area / KEE designation, Master Plan for Biodiversity Management (RIP-KEHATI of *Rencana Induk Pengelolaan Keanekaragaman Hayati* ***[5]***) in the form of a Governor Regulation, with Minister of Environment & Forestry Regulation No. 29/2009 as legal reference.

Indicative activities under Output 2.3 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
2.3.1.	Through a multi-stakeholder collaborative process at provincial level, develop land use scenarios based on the maps generated in Output 2.2.		?	?	?	?	?
2.3.2.	Conduct TSAs for the development scenarios to project the costs and benefits shall the scenarios are implemented		?	?	?	?	?
2.3.3.	Conduct public consultations on the draft scenarios with TSA results; and then finalise the scenarios integrating the feedback from stakeholders.		?	?	?	?	?
2.3.4.	Convene public consultations on the finalized scenarios to select a preferred development scenario that will be pursued by the province.		?	?	?	?	?
2.3.5.	Formulate the jurisdictional integrated landscape management plans for the preferred scenario/target, with zoning, management, monitoring and costed action plans included.		?	?	?	?	?

2.3.6.	In coordination with the provincial governments, disseminate and advocate for the adoption, implementation and monitoring of the plan. Advocation will include series of consultations to technical ministries for ministers? endorsement.		?	?	?	?	?
2.3.7.	Deliver advisory support and provide technical inputs to provincial BAPPEDA for developing, amending and updating planning instruments incorporating ILM considerations.		?	?	?	?	?
2.3.8.	Develop capacities and procedures in provincial BAPPEDA for adaptively amending and updating plans incorporating ILM considerations in the future.		?	?	?	?	?

Output 2.4: Environmental carrying capacity for key commodities and crop assessed and trade-offs analysed for five target districts

Key deliverables/results:

? Maps of biophysical and climate suitability of key commodities and crops including but not limited to oil palm, coffee, cocoa, and rice, developed for the FOLUR target districts.

? Estimated economic costs and benefits (trade-offs) of: (i) land use activities based on the biophysical suitability and climate maps and zoning derived from the jurisdictional ILM plans; and (ii) maintaining one cycle of commodity plantation (including maintaining biotic pollinators and waste handling).

? Zoning frameworks/master plans.

The project will support FOLUR districts to align their land use planning with the provincial or **jurisdictional integrated landscape management (ILM) plans**, developed under Output 1.2. Here, the project will conduct assessment on the biophysical and climate suitability for the district?s key commodities or crops. In doing so, secondary, and primary data collection will be done to ensure that the analysis captures the existing land use dynamics in the landscape. The secondary data will include, but not limited to, land system attributes, district development plans, sector development plans and spatial plan. Where appropriate, the project will conduct consultations with local stakeholders to gather inputs in the field.

Based on the biophysical suitability and referencing to the agreed jurisdictional sustainable landscape management plan, the project will develop the framework/master plan for the land use zoning of the district in consultations with the local governments and other stakeholders. The land use framework / master plan will be equipped with technical guidelines for the spatial-based development of the district, as well as estimated economic and environmental gains and losses for the period of 50 years.

Indicative activities under Output 2.4 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
2.4.1.	Collect existing biophysical and climate attribute maps such as elevation, soil type, precipitation, climate change (50-year period), etc.		?	?	?	?	?
2.4.2.	Conduct a suitability and climate analysis of the commodities/crops per the relevant suitability criteria.		?	?	?	?	?
2.4.3.	Overlay biophysical attributes against the suitability criteria.		?	?	?	?	?
2.4.4.	Project the land suitability of the commodities/crops against climate change estimates for the next 50 years.		?	?	?	?	?

2.4.5.	Identify areas vulnerable to climate change for each key commodity/crop of the district.		?	?	?	?	?
2.4.6.	Referencing to the jurisdictional ILM plan, develop land use zoning frameworks/master plans appropriate for the commodity/crop production that consider biophysical and climate suitability for the next 50 years.		?	?	?	?	?
2.4.7.	Estimate the economic and environmental losses and benefits of the zoning plan for the period of 50 years.		?	?	?	?	?

Output 2.5. Environmental sustainability and integrated landscape management considerations (e.g. protection of ecosystem service provision areas, biological corridors, fragile soils) incorporated into planning instruments of target districts

Key deliverables/results:

? Detailed spatial zoning plans/maps incorporating the jurisdictional ILM plans and commodity/crop suitability.

? Advocacy to obtain governments? endorsement on the detail spatial zoning plans/maps.

Using the land use zoning framework / master plan developed under Output 2.3 above, the project will support the district governments in developing detail spatial plans or zoning. Following the Minister of Agrarian and Spatial Planning Regulation No. 16/2018 there are two options the project could pursue to incorporate the jurisdictional ILM plans and land suitability perspectives into the district spatial plans:

? Through the District Detail Spatial Plan (RDTRK), the project could support the district governments in elaborating the utilization of land (i.e. permits, development planning, preparing the Building Management and Environmental Plan (*Recana tata bangunan dan lingkungan* - RTBL)). The

zoning itself will comprise of district detail spatial plan, spatial plan for urban areas and spatial plan for district strategic areas.

? Through the general provision of the district zoning regulations (*Ketentuan Umum Aturan Zonasi*, or KUPZ): this document also directs the utilization of space or land within the district?s spatial plan. When developing the RDTRK, the district refers to KUPZ; however, the KUPZ is less detailed compared with the RDTRK. Here, the project could do the following: (i) detailing the terms related to space or land utilization in the explanatory article of the KUPZ regulation to avoid misinterpretation, (ii) developing the ?Fact and Analysis? document, and (iii) generating relevant comparison maps where requested.

Indicative activities under Output 2.5 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
2.5.1.	Conduct technical data analyses to generate zonation maps based on the typology of land administration, social and economic context of the district.		?	?	?	?	?
2.5.2.	Overlay the maps of the jurisdictional ILM plans and commodity/suitability maps with the land use typology of the district.		?	?	?	?	?
2.5.3.	Analyse the overlaps and reconcile the maps with the existing land management / planning units (including concession and permit).		?	?	?	?	?
2.5.4.	Generate draft detail spatial zoning integrating ILM considerations.		?	?	?	?	?

2.5.5.	Conduct public consultations and facilitations to establish consensus among stakeholders on the proposed zoning that integrates ILM considerations.		?	?	?	?	?
2.5.6.	Incorporate feedback from stakeholders and finalise the spatial zoning maps.		?	?	?	?	?
2.5.7.	In coordination with the local governments, disseminate and advocate for the adoption, implementation and monitoring of the ILM considerations.		?	?	?	?	?
2.5.8.	Deliver advisory support and provide technical inputs to district BAPPEDA for developing, amending, and updating planning instruments incorporating ILM considerations.		?	?	?	?	?
2.5.9.	Develop capacities and procedures in district BAPPEDA for adaptively amending and updating plans incorporating ILM considerations in the future.		?	?	?	?	?

[1] See: Presidential Instruction No. 6/2019 on National Action Plan for Sustainable Palm Oil 2019-2024.

[2] Scoring the influence of one SDG or target on another; see: Nilsson, M?ns; Dave Griggs and Martin Visbeck. (2016b) Map the Interactions between Sustainable Development Goals. Nature (534) 320-322.

[3] Including Key Biodiversity Areas (KBAs) and wildlife corridors.

[4] Including Key Biodiversity Areas (KBAs) and wildlife corridors.

[5] See the legal umbrella under the Minister of Environment Regulation No. 29/2019 for details.

Component 2: Promotion of sustainable crop production and responsible value chains

Project activities under this component will focus on developing capacities and conditions required for farmers in the target jurisdictions and landscapes to be able to manage their farms and crops in ways that optimize environmental outcomes, while at the same time being economically attractive compared to alternatives, and compatible with their overall livelihood sustainability, food security and resilience.

The outcomes and outputs under this component reflect the range of different aspects that need to be addressed in order for production systems to be feasible and sustainable in the long term:

? Activities under **Outcome 3** address the need for farmers and other land managers to have access to financial resources to be able to cover the short-term investment costs involved in transitioning to more sustainable management practices, and where necessary to compensate them for any reductions in profitability that may result from this transition.

? Activities under **Outcome 4** reflect the significance of value chains in determining farmer behaviour and the potential for them to provide leverage for environmental sustainability: they focus in particular on strengthening the mechanisms required to enable purchasers and retailers to have the confidence that their support to supplying farmers (in the form of secure market access, technical and organizational support and/or stable and preferential prices) is reliably and consistently reciprocated by improved environmental performance in the field and along the value chain.

? Activities under **Outcome 4** will also contribute to ensuring that the application of sound environmental management practices by farmer is accompanied by improved and consistent product quality, in order to satisfy the multiple requirements for accessing favourable ?green? markets.

? Activities under **Outcome 5** focus on the need for farmers to have access to knowledge and capacities to enable them to produce and manage their farms sustainably; and, for this to be sustainable, for them also to have capacities to innovate and adapt in response to evolving circumstances, and for mechanisms and institutional capacities to exist to ensure that they have continue to have access to support in the long term.

Additionally, the project will facilitate national, regional and global corporate engagements on strategic issues beyond supply chains to foster greater impacts to ensure sustainable supply chains.

For the piloting of five PPPs in target districts, the project will work together with the identified private sector companies and local government to implement the ?sustainable production for protection and restoration? models. the project will refer to the agreed sustainable land use plans (formulated under Component 1) to ensure that the target beneficiaries are not located on non-legal areas (i.e. PA/CA), protected peatlands or other critical ecosystems. Once locations are determined, the project will conduct mapping of smallholder commodity and crop producers (cocoa, coffee, oil palm and rice) to support land legalization and implement gender-sensitive sustainable intensification approaches,

comprising of: farmer group/union formation, trainings on GAP and environment protection, as well as sustainable certifications such as ISPO and RSPO, SCOPI, and SRP utilizing the participatory structure of participatory guarantee systems (PGS). Moreover, agricultural extension systems, which include capacity building for extension providers, for target commodities will be strengthened to support smallholder farmers in target districts beyond the direct beneficiaries of the project. Lastly, the project will also support the smallholder producers (including women producers) in target districts to undertake replanting of ageing or unproductive cocoa, coffee, and oil palm to increase yields and restoration of land for food production. This promotion of productive intensification will be subject to the strengthening, in parallel, of planning and governance conditions and the establishment of market-based safeguards to ensure that it does not unintentionally result in the expansion of production area, and possible encroachment into forest areas, due to the increased economic attractiveness of the production systems.

Outcome 3: Sustainable and responsible investment and finance through public-private-community partnerships leveraged for implementation of sustainable value chains

Key Government Partner: CMEA

The baseline situation and incremental reasoning for Outcome 3 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
Output 3.1. Mechanisms available to farmers to provide finance/credit for sustainable production incorporating eligibility criteria based on sustainability	

Summary of Baseline Situation	Incremental Reasoning
To promote sustainable palm oil, the GoI established CPO Fund to assist smallholder farmers to replant their plantations with high quality planting materials. The government also provides mechanism for Community Business Credit (known as KUR/*Kredit Usaha Rakyat*), which a credit or financing service provided by the government through national banks for un-bankable small-scale community businesses and cooperatives. The interest rate is low, and requirements for loan are reduced to enable greater access for communities to access finance for their business. KUR can be obtained by smallholders (mainly through cooperatives) to purchase their agriculture inputs, or to pursue sustainability certification. Additionally, the Ministry of State-Owned Enterprises is currently leading the ?Partnership & Environment Development Program? or *Program Kemitraan dan Bina Lingkungan/PKBL*. The program is targeting small businesses owned by smallholder farmer groups (predominantly husbandry related businesses). The funding comes from the CSR from SoEs. Ministry of Village, Rural Development & Transmigration (KEMENDES) with collaborating with PT. TANIHUB to provide funding (Tani Fund) for farmers in Indonesia to develop their businesses. More information is provided in *Annex 15* to the Project Document (*Baseline report on commodity supply/value chains and farmer support systems*).	The GEF alternative strengthens the enabling environment of smallholder farmers for accessing financing/credit for sustainable production, including implementation of good agricultural practices (GAP), acquiring suitable inputs, obtaining land certification, and achieving sustainability certification. One new finance mechanism or amendment of an existing one focusing on smallholder farmers is envisaged, and adjustments to the regulatory framework will be advocated, e.g., aimed at increasing participation of private sector actors in smallholder finance/credit.
Output 3.2. Facilitating improved public-private-community collaboration and partnerships to strengthen sustainable production and sustainable value chains.	

Summary of Baseline Situation	Incremental Reasoning
The Indonesian government has made significant strides towards enhancing sustainability of the palm oil sector, including introduction of the Indonesian Sustainable Palm Oil (ISPO) system in 2011. A significant number of producers in Indonesia have also obtained RSPO certification, in fact 51% of RSPO-certified palm oil comes from Indonesia.[1] Although important gains have been made in recent years, there are still sustainability shortfalls across the supply/value chains. For example, companies often engage in sustainability commitments with short-term objectives in mind; focusing on needs to meet legal requirements and secure land to develop plantations, and significantly downsize the intensity of their engagement activities thereafter. Among commodity/crop producers there is a feeling that buyers could provide more investment and support for projects that strengthen sustainable production. Ministry of Agriculture is currently leading the development of Farmer Corporation Program to enable farmers to form associations/cooperatives to engage in farmer related businesses. The framework of this Corporation is under-development. The pilot implementation will be implemented in West Java on rice, coffee and other horticulture commodities. Note that the program is targeting food crops predominantly. More information is provided in *Annex 15* to the Project Document (*Baseline report on commodity supply/value chains and farmer support systems*).	The GEF alternative accelerates the processes of improving connection and coordination between producers to increase cross-sector collaboration between peer companies (horizontally across the same stage of the value chain) as well as between producers and buyers (vertically through the value chain) to increase investment and support from buyers into cross-sector coalitions as well as public private partnerships in production landscapes and between finance providers and companies working towards the sustainability of the sector. The project will facilitate cross-sector collaboration between producers for more systemic solutions and will work with producer groups to help get projects to be ?investment ready? or ?partnership ready? and facilitate connections with buyer groups. The focus will be on working with existing initiatives at the national level and in the project jurisdictions ? and potentially also other sustainable production projects in Indonesia. In the demand markets the project will focus on working via industry groups. In relation to finance, the focus will be on connecting to existing initiatives working on finance for sustainable palm oil value chains.
Output 3.3. Open innovation challenge introduced to identify solutions that can be scaled to address strategic issues	
Upstream and downstream actors in the palm oil sector have made extensive sustainability commitments and have invested into processes and systems that help fulfil these goals. Transforming food systems is become more and more challenging, with increasing populations and the associated demand for agricultural land, disruptions associated with climate change, as well as from natural and public health disasters, such as the COVID-19 pandemic. There is a growing need for innovations, both in terms of new technologies and traditional approaches, for transforming and securing food systems at scale. There are a number of innovation-focused initiatives in place, such as the Palm Oil Innovation Group and the MIT SOLVE sustainable food systems challenge. There is a need to introduce such approaches that deal with specific sustainability challenges in the project jurisdictions.	The project will facilitate an Open Innovation Challenge that addresses specific sustainability challenges. The Open Innovation Challenge will build upon an existing programme or introduce new process through engaging with private sector, governmental agencies, civil society, and scientific institutes. The cash prizes are envisaged to be funded through private sector financing, and the GEF funds will support low-value accelerator grants that would enable implementation of the innovations in the project jurisdictions.

Results expected through achievement of Outcome 3 include:

? **Strengthened implementation of sustainable value chains**, as indicated by USD 1 million disbursed for smallholder farmer households (at least 10% of each crop) in the project jurisdictions, of which at least 10% are female-led households

? **Expanded private sector involvement**, as indicated by 18,000 ha and 14,000 farmer households involved in PPPs and/or PPCPs to strengthen sustainable production and value chains (8,000 palm oil households (100%), 12,000 ha; 3,000 coffee households (50%), 3,000 ha; 1,000 cocoa (50%), 1,000 ha; 1,000 rice (25%), 2,000 ha)

Output 3.1: Mechanism available to farmers strengthened or newly established to provide finance/credit for sustainable production incorporating eligibility criteria based on sustainability

Key deliverables/results:

? Assessment and consultations conducted to determine an appropriate smallholder financial mechanism.

? One mechanism established and operationalised to provide finance/credit to smallholder farmers for: capacity building, agricultural inputs, land certification, sustainability certifications (ISPO, RSPO, ISCC, Fair Trade, RA, etc.).

Law No. 19/2013 on the Smallholder Protection and Empowerment provides the legal umbrella for smallholder finance and credit. This law outlines how the government is responsible to facilitate financial access to smallholders. The project may use this legal reference for the establishment and/or strengthening of smallholder finance. Up to this date, there is only one credit mechanism in the country accessible to smallholders, namely KUR/Community Business Credit (regulated under the Minister of Agriculture Regulation No. 32/Permentan/SR.230/6/2016) where the credit is provided by banks. This mechanism has presented many challenges for smallholders to apply for the credit as the requirements are often too high for smallholders to fulfil.

The project will assess various regulations and other financial mechanisms appropriate for smallholders, as well as consult to relevant government institutions such as Ministry of Finance, Ministry of Agriculture and the Financial Service Authority (*Otoritas Jasa Keuangan* / OJK) to identify one new smallholder financial/credit mechanism, which: (i) will grant easier access to smallholders to obtain the credit, and (ii) will allow investment/contribution from not only governments, but also the private sector and other non-government institutions. The assessment will also focus on identifying appropriate modality such as using the idea of ecological fiscal transfer (an alternative use of the national budget by the sub-national governments in the form of conservation related efforts), special allocation fund, and incentive funds for the sub-national administrative. In

collaboration with the key government agencies, the Project will work on establishing this mechanism and mobilize seed-funding for its operations. Additionally, where necessary, the project will identify legal requirements and agreements surrounding the credit mechanism, especially between lenders and borrowers, with close supervision and consultation with relevant ministries or government institutions.

The Government Regulation No. 45/2019 and Minister of Finance Regulation No. 128 /PMK.010/2019 state that there is tax reduction incentive for companies who are willing to support smallholder capacity building. Companies are eligible to receive a tax-cut for a maximum of 200% times the total costs for smallholder programs. Ideally, if the mechanism for smallholder finance has been established, the companies who are willing to set-aside their funding for the smallholder finance, are eligible to receive the tax-cut.

The financial mechanism under this output targets the smallholders, in particular independent smallholders who continue to face challenges to access credit to finance, e.g., application of best management practices (BMP) or good agricultural practices (GAP), or to obtain sustainability certification. There is currently no such mechanism in Indonesia that specifically targets the smallholders. However, this mechanism should have the principles of a blended-finance mechanism. For example, the IFC?s Global Agriculture and Food Security Program, which uses blended finance solutions and concessional funding to support projects designed to improve the livelihoods of smallholder farmers. However, for Indonesia?s (project?s) case, the mechanism?s fund will be channelled through farmers? cooperatives and/or unions to finance smallholders for sustainable production. The project, in particular through CMEA and MoA, will liaise to see if CPO-Fund can be leveraged, to top up with non-public investments.

Indicative activities under Output 3.1 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
3.1.1.	Advise MoA and BPDPKS on definition of environmental sustainability criteria for farmer credit/incentive programmes.	?					
3.1.2.	Carry out comparative analysis of existing regulatory framework for finance/credit mechanisms.	?					

3.1.3.	Consult with key government agencies especially the MoA, MoF and FSA to determine appropriate mechanisms for smallholder finance/credit.	?					
3.1.4.	Strengthen farmer organisations as channels for accessing finance and for communicating information on financing opportunities to farmers.	?					
3.1.5.	Advocate expanded support to farmers from private sector partners.	?	?	?	?	?	?

Output 3.2: Facilitating improved public-private-community collaboration and partnerships to strengthen sustainable production and sustainable value chains

Key deliverables/results:

? Process put in place for brokering and facilitation of collaboration and partnerships that address shared sectoral issues and challenges (e.g. traceability, farmer support and access to finance, labour practices, gender equality, financing sustainable value chains, environmental monitoring, conservation finance) through cross-sectoral and systemic solutions via:

? Greater cross-sector collaboration between upstream producers.

? Increased collaboration between downstream buyers and upstream producers.

? Increased collaboration with governments and sustainable development funders in key downstream demand markets.

? Collaboration with finance providers to align and mobilise funding towards sustainable value chains.

? Increased investment and support from downstream buyers and from demand market governments and sustainable development funders into sustainable production initiatives in the project jurisdictions, as well as more broadly at the province and national levels.

? Innovating new PPP and PPCP business models and disseminating the learning.

? Improved facilitation of inward investment from downstream buyers into jurisdictional and landscape initiatives across the region (Indonesia, Malaysia, PNG).

The main objective of Output 3.2 is to strengthen cross-sector collaboration and public private partnerships to deliver more systemic, sector-wider solutions for sustainability challenges, including traceability, farmer training and support, labour practices, gender equality, environmental monitoring, forest protection and conservation initiatives. Activities under this output will also aim to improve collaboration within the target landscapes but also more broadly at state level and, where appropriate, national level and regionally.

The project will focus on facilitating approaches that improve coordination and increase collaboration (a) within the private sector, (b) between private and public sectors, and (c) with sustainable development funders, including demand market governments and development agencies. The focus will be on partnerships that can deliver solutions at landscape, district, province, country, and regional (transnational) levels ? rather than just in individual supply chains.

Private sector action on sustainable production and sustainable sourcing often focuses on individual supply chains, focusing on actions within company operations and working with smallholders? in other words, the lower left-hand corner of Corporate Action Matrix below in *Table 18* of the Project Document.

[1] Source: RSPO website May 2020: https://rspo.org/about

Project Document Table 18: Corporate action matrix[41]

	Type of action		Geographic scope of action				
			Farms	**Landscapes**	**Subnational**	**National**	**Global**
Collaborative	Collective action	Institution building					
		Building coalitions & partnerships					
		Multi-stakeholder forums					
Coordinated	Individual or collective action	Technical assistance					
		Funding & finance					
		Advocacy					
Uncoordinated	Individual company and supply chain actions	Purchasing contracts / off-take agreements					
		Supply chain policies / purchasing agreements					
		Commitments					

The project will aim to strengthen coordination between companies (the central band of the matrix) and to facilitate more collective action (the upper band of the matrix) ? and to do so across entire

landscapes, as well as at the provincial, national, and transnational (regional) level. Efforts under this output will also be linked to the development of the sustainable action plans under Output 1.3.

The project will focus on public-private partnerships (PPPs) and public-private-community partnership (PPCPs) that have a systemic impact, involving multiple players addressing issues at the level of a landscape, district, province or nationally (as opposed to more limited bilateral PPPs with individual companies where the impact is more limited in scope). The objective is to work with and mobilize coalitions of companies to collaborate (a) ?vertically? through value chains from producers through to traders, manufacturers, and retailers and (b) ?horizontally? between producers / companies who are working in the same landscape or region.

Implementation of Output 3.2 will be supported by the UNDP Green Commodities Programme, building on existing relationships particularly with international palm oil buyers as well as large producers, and making linkages with other FOLUR country projects in the region that are addressing palm oil (Malaysia and PNG) and globally (Colombia, Guatemala, Liberia, Nigeria, Peru). Interactions with private sector partners regionally and globally will also be facilitated through the FOLUR Global Platform. In addition, the project will look to collaborate with other organisations working with the private sector and finance sector on sustainable production and supply chain issues in palm oil, cocoa, coffee, and rice, particularly organisations with experience of working with groups of companies through coalitions, who have a presence in Indonesia and also the ability to work in key demand markets. Examples include: Aidenvironment, Conservation International, Daemeter, Earthworm Foundation, The Sustainable Trade Initiative (IDH), Proforest, Rikolto, Solidaridad and WWF. Additional opportunities to link the project to blended finance will be developed through leverage of engagement with multi-lateral finance institutions such as the International Finance Corporation (IFC), which will be a core partner of the World Bank-led Global Platform.

In collaboration with these partners, the aim will be to develop and implement a process for the brokering and facilitation of collaboration partnerships.

The project will support existing public-private-partnerships and public-private-community partnerships and, where necessary, create new PPPs and PPCPs to mobilize additional investment into sustainable production and sustainable value chain development; conservation agriculture; forest protection and conservation; and land restoration projects in the target districts and provinces.

The project will identify the needs and opportunities for PPPs and PPCPs at district, provincial and national level. The emphasis will be on working with existing initiatives wherever possible, such as:

? At the production level: working with existing initiatives nationally and/or within the project jurisdictions. This may include helping producer groups to get project to be ?investment ready? or ?partnership ready?: Subnational initiatives including: the Coalition for Sustainable Livelihoods (currently in Aceh and North Sumatera).

? National initiatives including: the Indonesia Platform on Sustainable Palm Oil (or FoKSBI), Sustainable Coffee Platform of Indonesia (SCOPI), *Asosiasi Kakao Indonesia* (ASKINDO/Indonesia Cacao Association), the Indonesian Business Council for Sustainable Development (IBCSD).

? In relation to finance for sustainable value chains: connecting with existing initiatives such as the Value Based Investment Community of Practitioners (and the VBIAF Sectoral Guidance on Palm Oil), and work internationally on sustainable finance for palm oil from RSPO, UNPRI (PRI Investor Working Group on Sustainable Palm Oil) and others.

? In addition, the project will explore opportunities to partner with extractive companies involved in investing in smallholder farmer and community development initiatives. This will be explored through discussions with industry associations, such as the Association of Exploration and Mining Development (EMD-Indonesia) and the Indonesian Coal Mining Association (APBI-ICMA).

In the demand markets: connecting company producer groups to groups of buyers via existing sector initiatives:

? Connecting company producer groups to groups of buyers via existing sector initiatives:

o Country and regional demand market initiatives including: China Sustainable Palm Oil Alliance, European Palm Oil Alliance, Amsterdam Declaration Partnership, India Sustainable Palm Oil Coalition, Southeast Asia Alliance for Sustainable Palm Oil

o Global initiatives including: the Roundtable on Sustainable Palm Oil (RSPO), World Cocoa Foundation (WCF), the International Coffee Organization (ICO), Sustainable Coffee Challenge, the Global Coffee Platform, the Sustainable Rice Platform (SRP), the Tropical Forest Alliance (TFA), the Consumer Goods Forum (CGF), the World Business Council for Sustainable Development (WBCSD), the Global Agribusiness Alliance.

? Facilitate engagement with government and inter-governmental initiatives and international sustainable development funders that are working to promote and support sustainable sourcing of the target commodities in the project (particularly in Europe, China and India).

Where sustainable production projects do not exist in the project target landscapes, or where there are gaps that need to be addressed, the project will also need identify how existing projects can be extended or where new multi-stakeholder forums should be created by the project.

Indicative activities under Output 3.2 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
3.2.1.	Develop partnerships and alliances with aligned organisations to broker, facilitate and strengthen cross-sector collaboration and public private partnerships for sustainable production and sustainable supply chains looking across the target landscapes, but also across the palm oil sector in the region (Indonesia, Malaysia, and PNG).	?	?	?	?	?	?
3.2.2.	Engaging with existing sustainable production initiatives in the project jurisdictions to identify specific projects and activities that would benefit from increased support and investment from buyers.	?	?	?	?	?	?
3.2.3.	Use co-design processes in order to develop new PPPs and PPCPs to address gaps and unmet needs.	?	?	?	?	?	?
3.2.4.	Supporting sustainable production and supply chain projects (as per 3.2.2) to prepare presentation and communication materials for attracting increased support and investment from buyers.	?	?	?	?	?	?

3.2.5.	Engage with major industry groups in key demand markets to mobilize increased buyer investment and support in sustainable production and supply chain projects through existing coalitions and partnerships in the FOLUR target jurisdictions, as well as more broadly across Indonesia.	?	?	?	?	?	?
3.2.6.	Disburse low-value accelerator grants to fill gaps and provide incremental value to existing or new PPPs and PPCPs.	?	?	?	?	?	?
3.2.7.	Facilitate engagement with government and inter-governmental initiatives and sustainable development funders in key demand markets to identify opportunities for collaboration and inward investment and support for sustainable production and supply chain projects in the FOLUR target jurisdictions, as well as more broadly across Indonesia.	?	?	?	?	?	?
3.2.8.	Engage with existing sustainable finance initiatives for collaboration with producer and buyer groups to identify and address gaps relating to funding of sustainable commodities.	?	?	?	?	?	?

3.2.9.	Provide on-going capacity building, technical assistance, brokering and facilitation support to ensure the further development and strengthening of coalitions and partnerships for sustainable production and supply chain projects.	?	?	?	?	?	?
3.2.10.	Document and disseminate learning from any innovation in PPP and PPCP models.	?	?	?	?	?	?

Output 3.3: Open innovation challenge introduced to identify solutions that can be scaled to address strategic issues

Key deliverables/results:

? An Open Innovation Challenge launched to address food systems, land use and restoration challenges

? Business plan for sustaining the process after GEF funding ceases

The aim of the Open Innovation Challenge is to identify and support innovative solutions to food systems, land use and restoration challenges in Indonesia. The role of the project will be to develop the concept and to find partners and funders to ensure that the concept is financially self-sustaining from the outset. The exact design of the Open Innovation Challenge will be determined during concept development, but the intention is to find proven solutions to food systems, land use and restoration challenges and to provide support to accelerate the scale up of these solutions. (The Open Innovation Challenge will not be looking for new / unproven ideas to incubate or seed.) The Open Innovation Challenge will most likely provide support through awarding financial prizes or grants; access to investment; provision of advice; access to strategic contacts / networks / partnerships; publicity and communications support.

The innovation challenges will be developed through the process and with partners. The challenges could relate to any priority area for the project. On an indicative basis, this could include: challenges related to smallholder production, increase smallholder access to financial and technical support,

methods to accelerate smallholder mapping / traceability and NDPE implementation (e.g. ensuring no deforestation via use of satellite monitoring tools, community raised grievance platforms and forest monitoring); local community forest protection ideas, use of digital tools ? in data collection, to monitor and enhance smallholder productivity, traceability / transparency (e.g. Trase), detect deforestation and provide alerts, development of models or platforms and innovative financing structures to deliver service and smallholder support, business models and partnerships for new crop varieties, digital platforms to connect smallholders to markets, innovative solutions to rural waste management, and so on.

Specific challenge themes are likely to be set each call, which will focus on particular selected challenges. Examples of such challenges include the following:

? UNDP Ocean Innovation Challenge (http://www.oceaninnovationchallenge.org/)

? GEF Challenge Program for Adaptation Innovation (https://www.thegef.org/documents/call-proposals-challenge-program-adaptation-innovation)

? MIT SOLVE Sustainable Food Systems Challenge (https://solve.mit.edu/challenges/sustainable-food-systems)

The Open Innovation Challenge may be run only as a stand-alone Indonesian initiative or may connect into a regional or global challenge as well if other FOLUR countries / the FOLUR Global Platform also launch Open Innovation Challenges. In this case, there could be national level challenges and the winners go on to compete at the regional and/or global level. Under this scenario, strategic partnerships could be explored on a multi-country basis (e.g., IBM, OpenIDEO, PwC, etc.). Based upon the experiences and lessons learned gained, a business plan will be developed for sustaining the Open Innovation Challenge after project closure. Concerted advocacy for a long-term sponsor of the process will be supported through networking, dissemination of knowledge products, and convening of a stakeholder workshop.

Indicative activities under Output 3.3 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi

3.3.1.	Develop the concept for the Open Innovation Challenge and set up or link to an online platform.	?					
3.3.2.	Establish a grant administration function and support the administration of the Open Innovation Challenge for the duration of the project.	?					
3.3.3.	Engage strategic partners and raise financing for the financial prizes/grants.	?					
3.3.4.	Launch up to Open Innovation Challenge invitations, evaluate proposals, announce grantees.	?	?	?	?	?	?
3.3.5.	Disburse low-value accelerator grants for strengthening enabling initiatives that are complementary to the Open Innovation Challenge topics.		?	?	?	?	?
3.3.6.	Regularly evaluate results and lessons and develop a business plan for sustaining the Open Innovation Challenge after project closure.	?	?	?	?	?	?
3.3.7.	Produce communication materials, advocate for a long-term sponsor of the process, convene a workshop to showcase results and strengthen partnerships.	?					

Outcome 4: Smallholder farmers receiving increased value for their products through traceability systems and improved grading for selected commodities and jurisdictions

Key Government Partner: MoA

The outputs and interventions under Outcome 4 are focused on establishing and improving on systems within the supply chain that will help smallholder farmers receive increased value for their products. Whilst many private sector companies are implementing traceability systems, many smallholder farmers are not engaged, and it is therefore difficult in many cases to trace production down to the farm level. Utilising the multi-stakeholder processes and dialogues within the project jurisdictions, best practice traceability systems will be developed and demonstrated, with involvement of smallholder farmers, local governments, private sector, and NGOs. Through incentivising smallholder farmers and the increased level of transparency gained through multi-stakeholder collaboration, farmers will have increased opportunities to participate in sustainable supply chains and expansion into high conservation value forest areas will, in turn, reduce. Improvements to commodity/crop grading guidance and systems will further strengthen smallholder farmers? bargaining power and value for their production. Linkages with the Open Innovation Challenge in Output 3.3 will be explored, e.g., through promoting the use of mobile applications in traceability and grading systems.

The baseline situation and incremental reasoning for Outcome 4 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
Output 4.1. Best practice traceability approaches demonstrated, involving supply chain actors at a jurisdictional level and incentivises participation of independent smallholders, e.g., through access to finance, credit scoring, training, etc.	

Summary of Baseline Situation	Incremental Reasoning
In response to consumer demand, companies are under increasing pressure to ensure palm oil supply is legally sourced and not from plantations planted in unauthorised locations, particularly forested areas Many large buyers have identified their supply to the refinery and mill levels. And there has been some progress in mapping supply from refineries to estates, but tracing to the smallholder farmer level is limited and poses substantive challenges. These difficulties are compounded by the unwillingness of some intermediaries to divulge information regarding sources and business relations. Presidential Regulation No. 44/2020 on the Indonesian Sustainable Palm Oil (ISPO) certification system, enacted in March 2020, calls for smallholder farmers to be certified by 2025. Traceability is mandatory under ISPO, as is land title; however, there is no standard in place. There is a risk of smallholders being excluded from supply chains due to the complexities and costs associated with tracing individual supply lines. Smallholders, however, have a substantial footprint in the palm oil sector in the country, with 40% of the total planted area. They also area responsible for a portion of deforestation so using traceability technology to track FFB sources and at the same time help farmers improve yield on existing land is key. There are similar traceability challenges for the other commodities.	The GEF alternative advances the dialogue regarding the need for moving towards a common approach for traceability and collaboration across tiers in the supply chain. Working with governmental stakeholders, private sector actors, farmer associations, and NGOs, existing traceability tools and systems will be assessed, and a standard practice guidance will be developed for a incentivising broader participation and enhancing consistency and credibility. Capitalising on the strengthened multi-stakeholder collaborative processes, the project will support collection of data and information on oil palm footprints in one of the target jurisdictions. Implementation of the standard practice guidance in the selected jurisdiction will be run for an agreed timeframe, enabling evaluation of the effectiveness and viability of incentive mechanisms for sustaining participation of independent smallholders. Lessons learned will be shared and advocated for upscaling of the demonstrated traceability approaches.
Output 4.2. Guidance on grading for value additions developed for oil palm, cocoa, coffee, and rice	
Most smallholder farmers, especially those who have not received training, are unfamiliar with the grading system of their commodity/crop. Grading systems are fairly dated, and extension officers, where posted, are not commonly providing information to smallholder farmers. Moreover, intermediaries often purchase commodities from smallholder farmers without informing them how their products are being graded, leading to price differences for the same commodity in an area. Farmers? inability to understand the grading of their products contributes to below market prices paid to smallholders.	The alternative scenario proposed through the GEF project focuses on wider application of commodity/crop grading systems, leading to increased transparency among supply chains and enabling fair prices to smallholder farmers for their production.

Results expected through achievement of Outcome 4 include:

? **Enhanced traceability of sustainably produced palm oil, cocoa, coffee, and rice**, with 18,000 ha under verified traceability systems (12,000 ha oil palm; 3,000 ha coffee; 1,000 ha cocoa; 2,000 ha rice)

? **Improved capacities of farmers to add value to palm oil, cocoa, coffee, and rice**, as indicated by (a) 10% palm oil, (b) 10% coffee, (c) 10% cocoa, and (d) 10% rice of production by smallholder farmers in project districts subject to effective grading by quality

Output 4.1: Best practice traceability approaches demonstrated, involving supply chain actors at a jurisdictional level and incentivises participation of independent smallholders, e.g., through access to finance, credit scoring, training, etc.

Key deliverables/results:

? Standard practice traceability guidance incentivising broad participation and enhancing sector and brand credibility.

Based on analyses of current traceability systems and stakeholder consultations, the project will demonstrate best practice traceability approaches, including mechanisms for incentivising smallholder farmer participation. Three project jurisdictions (tentatively including Aceh, West Kalimantan, and South Sulawesi) will be selected for implementing best practice traceability approaches, starting with socialising the concepts with relevant stakeholders, including local government, smallholder farmer groups, producers, downstream buyers, and local NGOs. Applying an agreed methodology among the jurisdiction level stakeholders, information will be collected on the commodity footprint in the selected jurisdictions. Findings and lessons from the implementation of the demonstrations will be shared through stakeholder workshops. A draft standard practice traceability guidance will then be formulated, providing clear governance recommendations for incentivising participation of each tier in the supply chain.

Indicative activities under Output 4.1 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
4.1.1.	Assess needs, gaps, and current traceability approaches through desktop reviews and stakeholder consultations.	?					

4.1.2.	Develop a draft standard practice traceability guidance for incentivising smallholder farmers and is scale-able, cost-efficient, and interoperable across tiers in the supply chain.	?					
4.1.3.	Select project jurisdictions for implementation of the standard practice guidance and socialise the concepts and reach agreement among the relevant stakeholders, including local government departments, smallholder groups, mills/producers, downstream buyers, and local NGOs, for collaborating on a landscape or jurisdictional scale.		?		?		?
4.1.4.	Develop methodology and support collection of data and information on the commodity footprint in the selected FOLUR jurisdictions.		?		?		?
4.1.5.	Implement the standard practice guidance in the selected jurisdictions and/or landscapes for an agreed timeframe.		?		?		?
4.1.6.	Analyse the results of the demonstration, assess the effectiveness of the approach and incentive mechanisms, and prepare a detailed case study.	?					
4.1.7.	Share findings and lessons learned of the demonstrations through stakeholder workshop(s).	?	?	?	?	?	?

4.1.8.	Based on the findings and lessons learned, formulate recommendations for incentivising smallholder participation.	?					
4.1.9.	Advocate for upscaling the traceability approaches demonstrated through application of the standard practice guidance.	?					

Output 4.2. Guidance on grading for value additions developed for oil palm, cocoa, coffee and rice

Key deliverables/results:

? Guidance on grading for value additions developed for oil palm, cocoa, coffee and rice.

? Training and socialization of the grading guidance.

In practice, most smallholder farmers are not aware of how their products are being graded by the intermediaries and mills. Farmers often cannot tell why the price of their products has significantly been decreased by the intermediaries or mills. The grading guidance will serve to inform farmers: (i) how their products are being priced, (ii) factors contributing to the reduction in product price, (iii) factors contributing to the increase in product prices. This way, farmers will become familiar of post-harvest treatments to improve the grading of their products. Additionally, the guidance will outline the benefits of their products being certified under widely acknowledged sustainability standards.

Indicative activities under Output 4.2 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi

4.2.1.	Advisory support to MoA and CMEA in development of a guidance on grading for value additions for oil palm, cocoa, coffee, and rice.	?					
4.2.2.	Convene public consultations, especially with private sector companies, to obtain inputs from stakeholders on the draft grading guidance.	?	?	?	?	?	?
4.2.3.	Advocate for the endorsement of the grading guidance by the national and sub-national governments through socialization process and publications materials.	?	?	?	?	?	?
4.2.4.	Produce communications materials for socialization and conduct training on implementation of the guidance for agency staff and select smallholders.	?	?	?	?	?	?

Outcome 5: Smallholder farmers and support services strengthened in target districts to implement sustainable and resilient production and farming systems

Key Government Partner: MoA

The project will adopt a stepwise approach to supporting farmers, recognizing that there are differences among them in terms of their baseline capacities, conditions, and opportunities, following the approach outlined in the UNDP GCP guidance on ?Multi-Stakeholder Collaboration for Systemic Change: A New Approach to Strengthening Farmer Support Systems?[1].

For farmers who currently or potentially have access to markets that are likely to reward good environmental performance, the project will focus on ensuring that they receive the technical support needed for them to be able to meet the sustainability requirements of the market actors in question. For the four target crops/commodities, these requirements are set out in standards including the following (more detail on these standards is provided in *Annex 15* to the Project Document (*Baseline report on commodity supply/value chains and farmer support systems*):

? Oil palm: ISPO/RSPO

? Coffee: Rainforest Alliance, Starbucks

? Cocoa: Mondelez CocoaLife, Rainforest Alliance, Utz[2]

? Rice: the Sustainable Rice Platform (SRP) Standard.

The project will also support local refinements of these standards as appropriate, in order to maximize their relevance to local conditions and their potential to generate environmental and social benefits.

Studies carried out during project formulation (see *Annex 15* to the Project Document: *Baseline report on commodity supply/value chains and farmer support systems*) revealed that a significant proportion of the volume traded enters into markets that do not currently favour or reward environmental sustainability, and that this situation is unlikely to change significantly in the short or medium term. This is the case, for example, with most of the palm oil destined for the Indonesian market, and for low value rice; refer to *Annex 15* to the Project Document (*Baseline report on commodity supply/value chains and farmer support systems*) for more information. For farmers supplying these markets, there is therefore unlikely to be significant return, in the form of preferential market access or prices, on investments that they might make in bringing their performance up to market standards such as those set out above. The project approach with these farmers will instead be to support their abilities to apply a less exacting suite of good agricultural practices (GAPs), focusing on the other kinds of benefits which these practices have the potential to confer to the farmers themselves, for example in terms of improved resilience to climate change, productive sustainability and efficiency.

The baseline situation and incremental reasoning for Outcome 5 are summarized below.

Summary of Baseline Situation	**Incremental Reasoning**
Output 5.1. District-level plans of smallholder support interventions, reflecting stakeholder priorities, zoning and land classification	
The provision of technical support to smallholders is generalized across landscapes	- Technical support is prioritized and tailored in response to landscape-wide variations in conditions (e.g. environmental values, ecosystem service flows and productive potential), in accordance with district-level spatial plans and on the basis of stakeholder consultation and dialogue.

Summary of Baseline Situation	Incremental Reasoning
Output 5.2. Agricultural extension service systems including capacity building for extension officers strengthened in target districts to support smallholder farmers on the promotion of and increased uptake of sustainable production practices and farming systems	
Agricultural extension services have limited coverage, and their technical content has a narrow and static focus on productive aspects	- Public and private sources of technical support complement each other effectively in order to maximize coverage and durability. - Extension messages mainstream considerations of environmental sustainability integrated with livelihood, food security and resilience issues. - Extension agents have increased capacity to provide support on sustainability issues.
Output 5.3. Support to smallholder capacity development and sustainability certification delivered for selected smallholder farmers within target districts	
Farmers have limited understanding or capacity to apply sustainable approaches to production or to meet market sustainability standards.	- Farmers have increased understanding and capacity to apply sustainable approaches to production and farm management, integrated with considerations of livelihood sustainability, food security and resilience - Farmers have increased and durable capacities to analyse, anticipate and respond adaptively to changes in biophysical and socioeconomic conditions
Output 5.4. Support delivered to smallholder farmers for land tenure/legalization, enabling achievement of sustainable and resilient production and farming systems	
The Indonesian Biodiversity Foundation (KEHATI) is developing an online digital application for land legality certification to obtain palm oil Cultivation Business Permit (STDB). The pilot implementation is in Berau, East Kalimantan.	Through capacity building and catalytic demonstration, the GEF funds will help enable smallholder farmers obtain land certification. Utilising the multi-stakeholder collaborative processes and working with farmer organisations (farmer unions, associations, cooperatives, etc.), the process is expected to be scaled up across the project jurisdictions.

Results expected through achievement of Outcome 5 include:

? **Increased capacities for farmer support for sustainable and resilient production and farming systems**, as indicated by the increase in the numbers of farmers the following services have capacity to provide support on sustainable and resilient production and farming systems: (a) % increase

for extension services, (b) % increase for private sector technical support schemes, and (c) % increase for farmer field schools

? **Improved access to technical support by smallholder farmers**, as indicated by the following percentage increase in the numbers of farmers receiving regular technical support in relation to sustainable production and management: (a) % increase for oil palm farmers (of whom 15% are women), (b) % for coffee farmers (of whom 50% are women), (c) % for cocoa farmers (of whom 50% are women), and (d) % rice farmers (of whom 50% are women)

? **Expanded application of best management practices**, as indicated by 10,000 smallholder farmer households implementing best management practices (4,000 oil palm; 3,000 coffee; 1,000 cocoa; 2,000 rice)

Output 5.1: District-level plans of farmer support interventions, reflecting stakeholder priorities, zoning, and land classification

Key deliverables/results:

? Maps on priority locations in the district for smallholder intervention, based on the land use zoning maps generated under Output 2.5.

? Participatory problem and solution analyses at district and community levels, to identify appropriate management options and interventions promoting sustainability at farm and landscape levels, to be included in extension programmes

? Smallholder households in the priority locations are determined for intensification and land legalization.

This initial planning process will help ensure that project interventions in support of farmer capacity development are well focused, relevant, cost-efficient and compliant with the zoning that will be supported under Component 1 and with national policies and regulations (legally, technical assistance can only be provided to farmers or farmer groups with legalized tenure on agricultural vocation land, or those operating under social forestry schemes on forest land).

Indicative activities under Output 5.1 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
5.1.1.	In coordination and collaboration with the district?s Plantation and/or Agriculture Office, identify priority locations for intervention based on the land use zoning maps.		?	?	?	?	?
5.1.2.	Collect information on the number and locations of smallholder plantations in these priority locations and determine the households that the project will target for intensification and land legalization interventions.		?	?	?	?	?
5.1.3.	Collect polygon maps of their plantations to ensure that they are located on ?other use areas? (APL) or areas eligible for social forestry.		?	?	?	?	?
5.1.4.	Supported by participatory FPIC processes, finalise the maps of target smallholder households and their plantations to ensure full buy-in from smallholders to take part in the interventions.		?	?	?	?	?

Output 5.2: Agricultural extension service systems strengthened in target districts to support smallholder farmers on the promotion of and increased uptake of sustainable production practices and farming systems

Key deliverables/results:

? Potential trainers (extension officers) identified to receive the Training of Trainers (ToT) program

? ToT for the selected trainers with the potential to engage some of them in sustainable intensification activities for the target smallholders

The project will work closely with provincial and district level Plantation and/or Agricultural Offices, in identifying gaps in existing extension services systems, forming the basis of a training programme. Training of trainers capacity building will be provided to extension officers in the project jurisdictions; these individuals will in turn deliver training to local smallholder farmers on good agricultural practices, environmental protection, land legality, gender equality and women?s empowerment, financial management, diversified farming systems, sustainability certification, and other topics identified in the gap analyses. Through the multi-stakeholder collaboration platforms, the project will also engage with NGOs and private sector enterprises that are providing technical support to extension services and/or local farmers.

Indicative activities under Output 5.2 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi

5.2.1.	In coordination and collaboration with the provincial and district Plantation and/or Agriculture Office, identify the existing extension officers within the provincial, district and sub-district governments, as well as key people among communities suitable to become the champion for extension service provision in the target districts. Where applicable, such as at the district level, identify the trainers that the Project can engage as the extension officers to provide training for FOLUR target smallholders		?	?	?	?	?
5.2.2.	Conduct pre-training test on their knowledge related to (but not limited to): GAP, environment protection, land legality, gender empowerment, household financial management, income diversification, sustainability certification.		?	?	?	?	?
5.2.3.	Provide Training of Trainers (ToT) to these selected people on (but not limited to): GAP, environment protection, land legality, gender empowerment, household financial management, ICS (Internal Control System), income diversification, sustainability certification (e.g. ISPO & RSPO).		?	?	?	?	?

5.2.4.	Conduct post-training assessment to measure training retention, and provide ToT certificates to successful trainers		?	?	?	?	?
5.2.5.	Mainstream of options for environmental sustainability into extension modules of District extension offices, NGOs and private sector		?	?	?	?	?

Output 5.3: Support to smallholder capacity development and sustainability certification delivered for selected smallholder producers within target districts

Key deliverables/results:

? Baseline and smallholder-needs assessments are conducted on the selected smallholder households to measure their baseline conditions and training needs. The baseline will need to include among others: name, plantation area and age, land tenure documentation, income and source, current agricultural practices related to plantation maintenance, planting material, access to market, productivity and farmer organization/group, gender roles.

? Establishment and/or strengthening of the farmer groups/union/cooperative of the selected, assessed, and mapped smallholders. This will include the assignment of unique identification number/card for traceability.

? Smallholder households trained on sustainable intensification, organization, income diversification and environmental protection. Project support to the development of capacities among farmers to apply sustainable management options will participatory and demand-led, in order to ensure relevance and the durability of uptake.

Capacity needs-assessments will be carried out among selected smallholder farmer households in the project jurisdictions to identify knowledge gaps and training needs. The project will work with existing farmer groups, unions, or cooperatives, or encourage establishment of new collaborations. Low-value grants will be available for on-farm improvements and possibly for establishment of demonstration plots where good agricultural practices can be demonstrated in the field. The project will carry out regular post-training monitoring, to assess the uptake of new or improved practices and to provide guidance to the smallholder farmers.

For palm oil, cocoa and coffee, sustainability certification is conducted for farmer union or association or cooperative, not individual farmer. And to prepare the farmer organizations to obtain certification, the project will support the establishment their Internal Control System (ICS) to ensure that the GAP training is implemented and required documents are available. Additionally, the project will support the mapping of HCV/HCS and formulate HCV/HCS management plan for the plantations to be certified. Lastly, the project will help mobilize funding for farmer organizations to pursue certification (i.e. RSPO?s Smallholder Support Fund)

Indicative activities under Output 5.3 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
5.3.1.	Conduct a capacity needs-assessments on selected smallholder farmers.		?	?	?	?	?
5.3.2.	Establish and/or strengthen farmer groups, unions and/or cooperatives to pursue the formation of cooperatives for all of these farmers.		?	?	?	?	?
5.3.3.	Through a low-value grant modality, establish demonstration plot at the sub-district or village level in smallholder plantations agreed by them.		?	?	?	?	?
5.3.4.	Conduct training on the selected smallholder households comprising of, but not limited to: GAP, environment protection, household finance, gender empowerment, grading, land legality and sustainability certifications.		?	?	?	?	?

5.3.5.	Conduct regular monitoring of the training implementation of smallholders (e.g., through logbooks).		?	?	?	?	?
5.3.6.	Support farmer organisations to access certification funding from certification body (i.e. RSPO Smallholder Support Fund) to undertake audit.		?	?	?	?	?
5.3.7.	In collaboration with partner company, support and/or mobilize support (especially from private sector) for farmers and farmer organisations to prepare for certification audits.		?	?	?	?	?

Output 5.4. Support delivered to smallholder farmers for land tenure/legalization, enabling achievement of sustainable and resilient production and farming systems

Key deliverables/results:

? In collaboration with the partner companies and district governments, support provided for farmers and farmer organizations for legality and sustainability certification readiness.

In order to obtain sustainability certification, it is mandatory for individual farmer to have cultivation permit (STDB). The issuance of STDB requires clean and clean land legality of the farmers. Land legality can be reflected in the form of: Land Ownership Letter (SKT) and Deed of Sale & Purchase (AJB) at a minimum. Obtaining the SKT and AJB will require that land/plantation be demarcated in detail (polygon) to ensure that the land is clear and clean (i.e. on APL, not in state forest, no overlapping ownership with other individual or company). In this case, the project will support farmers and farmer organizations (union, association, cooperatives) to obtain their land legality and STDB. In particular, the project will assist farmers to produce polygon map, advise farmers on requirements and lease/support with district government to issue land legality and STDB. The project will also help analyse the land location to ensure it is clean and clear and advise the district government to issue the legality and permit. The project will particularly focus on supporting women, youth, and customary people farmers.

Indicative activities under Output 5.4 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
5.4.1.	Support farmers to produce polygon map of their lands as well as conduct land verification by the district?s Land Agency		?	?	?	?	?
5.4.2.	Advisory support to farmers and farmer organizations (union/association/cooperative) on procedures for obtaining tenure security		?	?	?	?	?
5.4.3.	In collaboration with district government, support the target smallholder households to obtain land legalization (SKT, AJB) and STDB		?	?	?	?	?

[1] https://www.greencommodities.org/content/gcp/en/home/tools/farmer-support-systems.html

[2] Dagmar Mith?fer, James M. Roshetko, Jason A. Donovan, Ewane Nathalie, Valentina Robiglio, Duman Wau, Denis J. Sonwa & Trent Blare (2017) Unpacking ?sustainable? cocoa: do sustainability standards, development projects and policies address producer concerns in Indonesia, Cameroon and Peru?, International Journal of Biodiversity Science, Ecosystem Services & Management, 13:1, 444-469, DOI: 10.1080/21513732.2018.1432691

Component 3: Conservation and restoration-rehabilitation of natural habitats

Component 3 focuses on developing detailed management (protection, sustainable utilisation, and restoration-rehabilitation) plans for specific areas of forest and/or peatland in risk of commodity/crop expansion for five target districts through participatory involvement of multi-stakeholders in the target districts. The plans will be based on the agreed ILM plans developed under Outcome 2, and once finalized, they will be pursued for legalization and adoption for implementation. For pilot conservation and restoration efforts, the project will enable at least three (3) management models / incentive

mechanisms (such as social forestry) to catalyse biodiversity conservation, land/habitat restoration as well as to improve governance of priority ecosystems in the selected districts.

Project support, under Component 1, to the process of formulation of ILM plans will help to ensure that restoration and conservation activities are targeted and tailored in order to maximize their contribution to recovering landscape-level dynamics that are crucial for productive sustainability and the maintenance of global environmental values. They will be focused for example on areas of importance for the maintenance of ecosystem service flows (e.g. watershed recharge areas and natural areas that are hosts to pollinators of importance for agricultural sustainability), or for providing refuge and connectivity for wildlife, that have suffered degradation. The project will also provide technical inputs in order to ensure that the species selection and management regimes applied in conservation and restoration activities are compatible with site-specific conditions ? for example, through the preferential use of native species (in all cases avoiding exotic species with invasive potential) and the promotion of diverse of structure and species composition.

According to locally identified needs, restoration and conservation activities will be carried out in both non-forest and (under social forestry models) forest areas.

Outcome 6: Models of management, incentives and governance catalysing biodiversity conservation, and land/habitat restoration of degraded priority ecosystems enabled in target districts

Key Government Partner: MoEF

The baseline situation and incremental reasoning for Outcome 6 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
Output 6.1. Detailed plans for conservation, restoration and sustainable management of priority degraded ecosystems formulated and adopted in target districts	

Summary of Baseline Situation	Incremental Reasoning
In most cases, formulation of conservation and restoration plans is done for short term period time and is limited at scale (i.e. by project). District governments have also faced multiple challenges in formulating biodiversity profiles in its jurisdiction. As a result, comprehensive management plans for conservation and restoration of critical and degraded land are often not available. Results of the implementation are not sufficiently monitored.	The GEF alternative will support district governments to develop detail and comprehensive management plans for conservation and restoration of critical and degraded lands. The plan will capture both the environmental as well as socio-economic components to ensure resilience of the implementation.
Output 6.2. Participatory models for conservation, restoration and sustainable management (e.g., social forestry?s Customary Forest and Village Forest) for critical ecosystems implemented in target districts, taking advantage of available incentive mechanisms	
The limited investment in conservation and restoration does not respond effectively to landscape dynamics or ecological needs. Management models are also not currently tailored adequately to local conditions. Additionally, restoration and conservation efforts are mainly led the national governments, with limited inclusion of local communities. Social forestry, through Customary Forest and Village Forest schemes are crucial to ensure participation of local communities in conservation and restoration efforts.	The GEF alternative will provide support to the establishment of the Customary Forest and Village Forest in three FOLUR districts: Aceh, West Kalimantan and South Sulawesi. The Customary and Village Forest schemes will enable: (i) optimum engagement with community as the ownership of the scheme will be communities, (ii) traditional wisdom and local conditions are maintained, (iii) local genetic biodiversity is maintained if not improved, and (iv) equal benefit sharing for all community members, preventing social inequality in terms of benefit obtain from the schemes.
Output 6.3. Strengthened collaborative governance mechanisms and capacities supporting effective conservation and restoration-rehabilitation	

Summary of Baseline Situation	Incremental Reasoning
Social forestry schemes have become increasingly popular throughout Indonesia, including prominent mention in the current Medium-Term Development Plan 2020-2024. Local people often have rich traditional ecological knowledge, but are largely unfamiliar with local laws and regulations, monitoring and surveillance methods, sanction systems, etc.	The alternative proposed under the GEF-financed project promotes collaborative governance approaches, involving local communities, local government units, forest management units, NGOs, private sector, and other relevant stakeholders. The durability of the participatory conservation and restoration interventions depends on the capacities of the local communities to manage the activities and effectively collaborate with enabling stakeholders.

Results expected through achievement of Outcome 6 include:

? **Extent of participatory governance of priority ecosystems**, as indicated by 50,000 ha and 5,000 households (including 500 female-led households) covered by management plans with incentive mechanisms that are under implementation

? **Livelihood diversification through gender-sensitive social forestry interventions that are shown to reduce pressures on natural resources**, as indicated by 3,000 individuals (of whom 60% are women) engaged in alternative livelihood activities (e.g., sustainable utilization of NTFPs, eco-tourism, processing of local foods, etc.)

Output 6.1: Detailed plans for conservation, restoration and sustainable management of priority degraded ecosystems formulated and adopted in target districts

Key deliverables/results:

? Five detail management and costed action plans developed and adopted in FOLUR districts, outlining protection, restoration-rehabilitation, and where necessary sustainable use, as well as actions to maintain/improve genetic biodiversity in and outside production landscapes.

? Liaison with the local governments and other relevant stakeholders to ensure the adoption and implementation of the management plans.

By referencing to the detailed spatial plans, the project will support the district governments to develop detail management and costed action plans for priority ecosystems in risk of commodity/crop expansion in the target districts. The management plans will need to consist of the following: (1) Management characteristics describing general requirement of the zone management; (2) Management type where the stakeholders are mapped, based on the management characteristics; (3) Permitted actions, listing detail management activities allowed under each management type, (4) Restricted actions, listing detail management activities restricted or limited under each management type, (5) Actions to maintain genetic biodiversity in and outside production landscapes, and (6) Costed management activities, describing the required actions to establish and implement the zoning regulations for the period of 20-year period. Meanwhile, the costed action plans for the management activities comprising of, but not limited to:

1. Initial evaluation and re-zonation (Planning)
2. Zoning socialization (Socialization)
3. Implementation of restoration and zoning (Restoration-rehabilitation)
4. Establishment of Fire Alert Villages (*Desa Siaga Api*)
5. Management supervision
6. Zonation border enforcement (Protection)
7. Monitoring, evaluation, and reporting

Finally, the project will coordinate and collaborate with key stakeholders in the district, as well as at the provincial and national level where necessary, to advocate for the endorsement and adoption of these plans for implementation in the districts.

Indicative activities under Output 6.1 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi

6.1.1.	Based on the jurisdictional and detail zonation maps, identify priority ecosystems for the management plans, conduct field/ground checks to assess conditions, and carry out stakeholder mapping.		?	?	?	?	?
6.1.2.	Conduct public consultation and facilitation to achieve consensus on ?priority ecosystems? for the management plans.		?	?	?	?	?
6.1.3.	Develop management plans for the agreed priority ecosystems, which will cover: (i) land utilization policy, (ii) restoration and rehabilitation policy, and (iii) incentive and disincentive mechanism policy.		?	?	?	?	?
6.1.4.	Develop detail costed action plans for the management.		?	?	?	?	?
6.1.5.	Administer a low-value grant mechanism to facilitate involvement by local communities.		?	?	?	?	?
6.1.6.	Liaise with local governments and other relevant stakeholders to ensure the adoption and implementation of the management plans.		?	?	?	?	?
6.1.7.	Develop communication and knowledge products to disseminate the plans to a wider group of stakeholders within the districts.		?	?	?	?	?

Output 6.2: Management models (e.g., social forestry) for critical ecosystems implemented in target districts, taking advantage of available incentive mechanisms

Key deliverables/results:

? Referring to the priority areas (Output 6.1) pilot sites for community-based ecosystem management (protection and restoration) identified and agreed.

? Appropriate incentive mechanism(s) established for pilot sites, including resource mobilization.

Under this output, the project will work with local governments, communities, NGOs, and companies to pilot the implementation of community-based environment or ecosystem management models in the target districts. The pilot sites will be identified and agreed based upon the zoning done under Output 3.2 and the management plans generated under Output 7.1. Once the sites have been identified, the project will assess the most appropriate incentive or reward-based mechanisms to pilot the management plans. The selected mechanism must be agreed by all parties involved, especially the local communities as the direct beneficiaries of this intervention. Free, prior and informed consent (FPIC) will be completed before the establishment of the social forestry models. And the pilot social forestry will be implemented in three of the five target landscapes: Central Aceh (Aceh), Sanggau (W. Kalimantan) and Luwu (S. Sulawesi) districts.

The project will support the establishment of three social forestry schemes in the form of **Customary Forest and Village Forest**, in close consultation with local governments, provincial forestry offices and the MoEF, including with World Bank-GEF Strengthening of Social Forestry in Indonesia project (GEF 9600). The project will also coordinate and collaborate with governments to identify suitable legal umbrella for pilot schemes to ensure sustainability of the schemes. This could be in the form of a minister decree, governor decree or even a regent decree. Where legal umbrella is not possible, project resources will be used to support the district government in advocating for a conservation agreement between the parties involved to implement the schemes. Lastly, the project will support the initial resource mobilization process to implement the agreed incentive or reward-based mechanisms for the selected sites.

Indicative activities under Output 6.2 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
6.2.1.	Assess potential locations and consult with local governments, provincial forestry office and MoEF regarding intervention sites for implementing community-based ecosystem management and restoration (i.e. social forestry schemes: Customary Forest and Village Forest).		?		?		?
6.2.2.	Carry out FPIC to ensure buy-in from local communities to take part in the interventions.		?		?		?
6.2.3.	Develop management and restoration plans for the selected interventions, and identity appropriate incentive mechanism(s).		?		?		?
6.2.4.	As needed, liaise with national, provincial and/or district governments to obtain legal authorisations for the community-based ecosystem management and restoration interventions.		?		?		?
6.2.5.	Initiate implementation of the interventions, including mobilising resources for the incentive mechanisms.		?		?		?
6.2.6.	Monitor the implementation of the interventions on a regular basis.		?		?		?

Output 6.3. Strengthened collaborative governance mechanisms and capacities supporting effective conservation and restoration

Key deliverables/results:

? Number trainings held on collaborative governance, including local communities, district government units, and forest management units (FMUs).

Activities under this output are focused on strengthening the capacities of the local communities where the participatory restoration and conservation interventions are implemented, in collaborative governance with local government units, forest management units, NGOs, private sector, and other relevant stakeholders. Trainings will include basic knowledge on biodiversity and forest management, local laws and regulations, monitoring and surveillance methodologies, record keeping, communication, protection of traditional knowledge, and environmental education.

Indicative activities under Output 6.3 include:

No.	Activity description	National level	Aceh	N. Sumatera	W. Kalimantan	W. Papua	S. Sulawesi
6.3.1.	Strengthen capacities of local communities to contribute to enforcement and sanctioning, e.g. under social forestry arrangements.		?	?	?	?	?
6.3.2.	Strengthen capacities of District Governments and FMUs to collaborate with local communities on enforcement and sanctioning.		?	?	?	?	?

6.3.3.	Lobbying, awareness raising and budget planning support to provincial Governments on resourcing of enforcement capacities.		?	?	?	?	?

Component 4: Knowledge management, coordination, collaboration, and monitoring & evaluation

The last component of the project focuses on: (1) monitoring and assessing causal impacts of project?s interventions on reduced-deforestation value chains, sustainable land use management and land restoration, (2) capturing lessons learned and knowledge dissemination globally, nationally and across jurisdictions, and (3) enabling knowledge exchange platform through convening of conferences, production of knowledge products and national and international learning exchanges.

The project will engage through the FOLUR global platform and the UNDP Green Commodities programme with countries and platforms outside of the country as a means to scale results and impact the broader food system. The project will become one of the members of the Green Commodities Community administered by UNDP. The project will also connect with the Global Soils Partnership (GSP), along with other global platforms, e.g., the Global Landscapes Forum, the UNCCD Global Mechanism and knowledge hub, the World Overview of Conservation Approaches and Technologies (WOCAT), and the Agroecology Knowledge Hub.

The project will connect with similar country projects within FOLUR based on similar commodities and approaches to share resources for combined and collective knowledge management products, e.g., a collective guidance on sustainable palm oil or jurisdictional approaches. These products can then contribute to FOLUR wide knowledge products.

The lessons learned and experience from Indonesia will be shared through South-South and triangular cooperation with other countries participating in the FOLUR impact program. Regionally, exchanges can be fostered between Indonesia, Malaysia, and Papua New Guinea on enhancing sustainable value chains of palm oil and cocoa. And for rice, through measures to link smallholder producers and value chain actors to the SRP sustainability standards, the project will also engage a consortium of private sector commodity buyers and traders, NGOs, international development organizations and governments working to promote more sustainable rice products that can be integrated into other FOLUR commodity projects incorporating SRP standards in China, Thailand and Vietnam as well as countries outside of the FOLUR. Lessons learned across this portfolio of programmes will strengthen global-level IP outcomes on leveraging global coalitions to pursue FOLUR objectives and outcomes and promoting public and private investments in ILM, as well as sustainable commodities influenced by FOLUR, in FOLUR countries and globally.

The project will support team members, government counterparts to participate in and speak at global conferences of relevance e.g., RSPO and represent FOLUR at these events.

Outcome 7: Integrated knowledge management, coordination, and collaboration to enhance knowledge of factors to foster lessons learned for replication in other areas

Key Government Partner: CMEA

Outcome 7 focuses on putting in place effective management procedures for ensuring efficient use of resources, inclusive participation, and improved knowledge management. Effective communication and knowledge management are central aspects of the project strategy, in order to facilitate the envisaged transformational change in land use, food systems, and restoration. The project communications and knowledge management strategies will include specific methods and messaging for raising awareness and disseminating information on COVID-19 risks. Considering that there will likely be increased use of virtual platforms for engaging with stakeholders, the project will work closely with governmental and non-governmental partners on developing and strengthening remote working arrangements. When field work is carried out, the project will integrate public health related training into capacity building activities, e.g., demonstrating the use of personal protective equipment, promoting physical distancing, and communicating risks and symptoms of COVID-19. The regional and global dimensions of FOLUR also provide learning opportunities, e.g., sharing COVID-19 recovery and response approaches in other countries and by different organisations.

The baseline situation and incremental reasoning for Outcome 7 are summarized below.

Summary of Baseline Situation	Incremental Reasoning
Output 7.1. Project implementation overseen through proactive steering committee functions and inclusive monitoring and evaluation	
Indonesian government ministries and agencies have experience implementing GEF-financed and other donor projects. There is good capacity and understanding of UNDP and GEF requirements for procurement and financial reporting. Government cofinancing has been allocated to support project implementation.	The project management unit (PMU) will be embedded into the implementing partner?s operations, and the provincial and district coordinators will be stationed with BAPPEDA or other counterpart departments. The project will contribute to FOLUR programme level M&E through its harmonized results framework and coordinated implementation and reporting procedures.
Output 7.2. Inclusive participation of local communities, including women and traditional peoples, facilitated through effective implementation of environmental and social management plan	

Summary of Baseline Situation	Incremental Reasoning
Local communities are widely socialized to sustainable development principles. Rural communities in the project jurisdictions are heavily reliant on natural resources for their livelihoods, and there are multiple protected areas among the project landscapes. The awareness and collaborative participation of local communities in development projects have been enhanced through government, donor, private sector and civil society projects and programmes. Gender mainstreaming and inclusion of traditional peoples are well established in legal frameworks and on the ground in the project jurisdictions. More information is provided in *Annex 5* to the Project Document (*Social and environmental screening procedure*), *Annex 8* to the Project Document (*Multi-stakeholder collaboration and stakeholder engagement plan*), *Annex 10* to the Project Document (*Environmental and social management framework*) and *Annex 11* to the Project Document (*Gender analysis and action plan*).	Inclusive involvement of women, traditional peoples and local communities is critical in the success of the project. Gender and social inclusion priorities have been integrated into the design of the project interventions; specific activities will be further reviewed as part of the environmental and social management planning process at project inception. The full-time Gender-Safeguards Officer will work with the district level coordinators and contracted specialists to ensure targets associated with inclusion of women and traditional peoples are fulfilled.
Output 7.3. Adaptive management methodology developed to monitor, evaluate, and respond to causal impacts and systemic change	
Project level monitoring and evaluation are often restricted to project outputs, outcomes, and objectives, and seldom capture the causal impacts of project interventions in the landscapes, or measure the systemic change delivered through the project.	Under the GEF alternative, impacts and systemic change (both intended and unintended) of project interventions will be assessed to determine if project interventions should be continued, adjusted, halted, or upscaled. The results of impact assessments will inform decision makers, both at the project and program levels, of appropriate actions (e.g., adaptive management) moving forward. And in assessing the causal impacts and systemic change, the project will take into account not only the current projects interventions but also previous GEF-projects as well as other relevant projects implemented by other institutions as lessons learned to capture best practices that can improve the implementation modalities and strategic approaches.
Output 7.4. Knowledge management and outreach system developed for supporting scaling out across jurisdictions/provinces and nationally, regionally, and globally	

Summary of Baseline Situation	Incremental Reasoning
There has been limited knowledge and information shared on success stories of how systemic change has been achieved through jurisdictional approaches and integrated landscape management, or on specific barriers that are hindering widespread change. Meaningful upscaling and replication are being constrained as a result of the limited flow of knowledge and information.	The GEF investment will support collection and dissemination of knowledge and information generated through the approaches implemented on the project. Knowledge generated and lessons learned will help inform future project designs and approaches for ensuring sustainable food systems, land use, and restoration, as well as enhancing the impact of other or future GEF-funded initiatives. Knowledge products will also be disseminated across FOLUR landscapes and nationally, as well as with FOLUR regional and global level stakeholders.
Output 7.5. Participation in Global FOLUR CoP and other relevant platforms on knowledge and lessons exchanges	
There are a number of national, regional, and global platforms that Indonesian palm oil stakeholders are participating in. For example, Indonesia and Malaysia were the founding members of the Council of Palm Oil Producing Countries (CPOPC). More than half of Certified Sustainable Palm Oil (CSPO) production under the RSPO is in Indonesia. Other regional and international cooperative alliances and coalitions include the Amsterdam Declaration Partnership, China Sustainable Palm Oil Alliance, and the Southeast Asia Alliance for Sustainable Palm Oil. More information is provided in *Annex 15* to the Project Document (*Baseline report on commodity supply/value chains and farmer support systems*).	The GEF alternative provides access to the FOLUR Global Platform, led by the World Bank and developed to leverage policies, practices and investments that help to transform commitments into action and improvement on the ground, engaging with both the public and the private sectors, at global, regional and country levels.

Results expected through achievement of Outcome 7 include:

? **Documentation of sustainable production and sustainable landscape management associated knowledge**, as indicated by (a) 20 knowledge products (at least 5 highlighting gender mainstreaming), (b) 20 communication pieces/stories (c) 5 traditional knowledge databases, and (d) 2 research papers developed or strengthened

? **Expanded FOLUR Community of Practice**, as indicated by (a) 10 country documents, (b) 20 events, and (c) 20 press reports promoting FOLUR

Output 7.1: Project implementation overseen through proactive steering committee functions and inclusive monitoring and evaluation

The activities under this output are designed to put in place enabling procedures and protocols to facilitate effective project management. The project inception workshop is a critical milestone on the

implementation timeline, providing an opportunity to validate the project document, including the environmental and social management framework; confirming governance implementation arrangements, including agreements with responsible parties; assessing changes in relevant circumstances and making adjustments to the project and program results framework accordingly; verifying stakeholder roles and responsibilities; updating the project risks and agreeing to mitigation measures and responsibilities; and agreeing to the multi-year work plan. An inception workshop report will be prepared and disseminated among the project stakeholders.

The Project Board will be the main platform for high-level and strategic decisions, and the proposed compositions of the committee provides for efficient and representative feedback (*see Section VIII to the Project Document: Governance and Management Arrangements*).

The M&E system of the project will also be coordinated with that of the FOLUR IP as a whole and supported by the FOLUR Global Platform. The Global Platform will support the project by providing harmonized technical guidance and oversight on M&E (including the application of indicators and the management, reporting and use of results) to all Implementing Agencies and country projects, and by aggregating relevant indicators (especially GEF-7 core indicators and LDN national voluntary targets). The project will in turn support programmatic M&E by reporting to the Global Platform in a timely and consistent manner on the values of GEF-7 core indicators.

Indicative activities under Output 7.1 include:

No.	Activity description
7.1.1.	Organise the project inception workshop, including review of multi-year work plan, project results framework, tracking tools, stakeholder engagement plan, environmental and social management framework (ESMF), etc.; a record of the inception workshop will be documented in a project inception report.
7.1.2.	Organise annual project stakeholder workshops, supported by the Technical Advisory Group, as part of the annual work plan preparation and adaptive management.
7.1.3.	Organise project board meetings annually at a minimum.
7.1.4.	Carry out regular monitoring and evaluation of project implementation.
7.1.5.	Carry out a midterm assessment of the GEF core indicators for the project and other results.
7.1.6.	Procure and support an independent midterm review of the project, according to UNDP and GEF guidelines.
7.1.7.	Carry out an end-of-project assessment of the GEF core indicators for the project and other results.

7.1.8.	Procure and support an independent terminal evaluation of the project, according to UNDP and GEF guidelines.
7.1.9.	Prepare the final report for the project; including the PIR for the last year of implementation, the terminal evaluation report, and the management response to the terminal evaluation report.
7.1.10.	Develop and initiate the implementation of a project sustainability plan.

Output 7.2: Inclusive participation of local communities, including women and traditional peoples, facilitated through effective implementation of environmental and social management plan

As part of social and environmental screening procedure (see *Annex 5* to the Project Document), the project has been assigned an overall risk categorization of High. In accordance with UNDP policy for High-risk projects, an environmental and social management framework (ESMF ? see *Annex 10* to the Project Document) has been developed during the project preparation phase to provide a practical guideline for installing the required safeguards for ensuring social and environmental risks and impacts of the project?s activities are fully assessed and management measures in place prior to implementation.

Resources have been allocated under this output for carrying out an environmental and social impact assessments (ESIA) and social and environmental strategic assessment (SESA) at project inception that will evaluate in more detail the potential environmental and social impacts associated with the planned project interventions. The results of the ESIA/SESA will be used to develop specific management measures that will be incorporated into an environmental and social management plan (ESMP) for the project, which will be implemented by the project team under the stewardship of the project Gender-Safeguards Officer.

A prolonged or recurrent COVID-19 pandemic (or similar crisis) would create challenges for the implementation of the project, i.e., associated with activities involving physical stakeholder workshops, delivering training in the field, convening community meetings, etc. The project will institute adaptive management as needed to reduce the risks of community spread. For example, meetings will be held remotely using virtual platforms as much as possible, health hazard assessments will be required for gatherings of multiple people, and mitigation measures will be implemented, e.g., ensuring physical distancing, providing personal protective equipment, avoiding non-essential travel, delivering trainings on risks and recognition of symptoms, etc. The ESIA will include COVID-19 related risks, and specific mitigation measures will be integrated into the ESMP.

The project will implement the ESMP and monitor potential environmental and social impacts and the co-benefits generated through the mitigation measures put in place. The project will also implement the gender action plan which is outlined in *Annex 11* to the Project Document to the project document, with appropriate linkages drawn to the ESMP after it has been developed.

Indicative activities under Output 7.2 include:

No.	Activity description
7.2.1.	Carry out an Environmental and Social Impact Assessments (ESIA) and Social and Environmental Strategic Assessments (SESA) for the project.
7.2.2.	Based upon the results of the ESIA/SESA, develop and implement an Environmental and Social Management Plan (ESMP) and other management plans for the project.
7.2.3.	Actively monitor the implementation of the ESMP and the gender action plan and applying adaptive management measures to adjust to changing circumstances.

Output 7.3: Adaptive management methodology developed to monitor, evaluate, and respond to causal impacts and systemic change

Key deliverables/results:

? An Impact Evaluation Framework developed for FOLUR Project to monitor and evaluate causal impacts and systemic change.

? Monitoring and evaluation of project implementation, including additional report on causal impacts and systemic change brought by the project at the national and sub-national levels.

The causal impact evaluation is necessary to assess how FOLUR interventions lead to the expected outcomes and objectives as outline in the project?s theory of change (ToC) or impact pathway. The results will be important to inform decisions if the interventions should (or should not) be continued, expanded, or replicated. In general, the impact evaluation design consists of the following elements:[1]

? The evaluation questions

? The theory of cause and effect, which will be accepted as providing sufficient answers to the questions

? Definition of necessary data to examine the theory

? Framework to analyse the data to provide sufficient explanation of performance against the theory.

The project may use combined two or more methods when conducting the impact evaluations of the ToC. These methods may include (i) quantitative (i.e. quasi-experimental quantitative method), (ii) qualitative (i.e. General Elimination Methodology, Process Tracing, Contribution Analysis), (iii) participatory method to obtain stakeholder perceptions, or other appropriate methods. In fact, since the project covers multiple sectors and stakeholders, it is recommended that the evaluation uses combined methods. It is important to note that this impact evaluation will differ from the normal project M&E where the deliverables are being measured against their indicators. The impact evaluation will be complementary to the M&E where the results provide recommendations for not only adaptive management but the potential of project replication in other landscapes. The baseline of the M&E may provide some information to the baseline of the impact valuation framework, which is subject to the evaluation questions, theory of cause and effect and the valuation framework. Once the three have been developed, the project will then identify the baseline for the impact evaluation. Existing tools, such as the Landscape Analysis Tool (LAT) developed under the Good Growth Partnership (GGP), will be considered and adapted to the project circumstances. It may be useful to consider a joint-evaluation framework when there are more than one implementing agencies involved in the project.

Indicative activities under Output 7.3 include:

No.	Activity description
7.3.1.	Develop an appropriate impact evaluation design for FOLUR project based on the established theory of change (ToC).
7.3.2.	Referring to the ToC, conduct an evaluability assessment, which main output is a report detailing the analytical and methodological approach of the impact evaluation, and finalise the impact evaluation framework for the project.
7.3.3.	Conduct regular monitoring and evaluation, as well as impact evaluation of the project, documenting results in mandatory quarterly M&E reports and separate reports on progress towards impact and systemic change.

Output 7.4: Knowledge management and outreach system developed for supporting scaling out across jurisdictions/provinces and nationally, regionally, and globally

Key deliverables/results:

- ? Knowledge management and outreach strategy and action plan
- ? Data-collection drive for FOLUR Indonesia in operationalized and maintained

? Lessons-learned captured across FOLUR interventions and landscapes

? Knowledge products for public dissemination including through FOLUR Indonesia annual workshops

TThe project will collect data and trends in the project landscapes, which in turns will feed into the project M&E and impact evaluation processes. And to complement the knowledge management, the project will also develop thematic lessons related to its interventions on what have and have not worked in the landscapes. These lessons learned will help inform future project designs and approaches for ensuring sustainable food systems, land use and restoration, as well as to enhance the impact of other or future GEF-funded projects and programs.

The lessons-learned reports and knowledge products will be disseminated publicly to stakeholders in Indonesia as well as outside the country. Within Indonesia, lessons will be presented to the national and sub-national stakeholders through the annual FOLUR-Indonesia?s community of practice (CoP). And at the regional and global levels, these lessons will be disseminated through FOLUR regional and global communities of practice and exchanges. Specifically for the regional-level knowledge exchanges, the CoP will focus on lessons and knowledge dissemination between Indonesia, Malaysia and PNG.

Indicative activities under Output 7.4 include:

No.	Activity description
7.4.1.	Develop a knowledge management and outreach strategy and action plan.
7.4.2.	Design and facilitate establishment, management and use of knowledge exchange systems, including social media platforms
7.4.3.	Develop and disseminate knowledge products
7.4.4.	Strengthening of role of CMEA in learning exchange through establishment national exchange
7.4.5.	Multi-stakeholder platforms on lessons learned on ILM at province and district level
7.4.6.	Strengthening of role of BAPPEDA in learning exchange through sub-national learning platform
7.4.7.	Convene annual FOLUR lessons learned workshops

Output 7.5: Participation in Global FOLUR CoP and other relevant platforms on knowledge and lessons exchanges

Key deliverables/results:

? Participation of relevant FOLUR Indonesia?s representatives in the annual Regional and Global FOLUR platforms

? Participation of relevant FOLUR Indonesia?s representatives in Green Commodity Programme (GCP)?s Community of Practice

? Participation of relevant FOLUR Indonesia?s representatives in commodity-based regional-level knowledge exchanges, especially with Malaysia and Papua New Guinea

? Contribution to the development of the Global FOLUR annual progress reports and M&E reports

? Contribution to the development of the Global FOLUR knowledge, technical and policy products

As one of FOLUR?s 27 child/country projects, the FOLUR-Indonesia Project will link to **the FOLUR Global Platform**, led by the World Bank. The Global Platform and its partners will support individual country project with knowledge, technical assistance, and capacity building in promoting sustainable value chains. This platform is organized into 3 pillars:

A. Program Capacity Strengthening: focusing on providing technical assistance and innovative approaches for country projects to effectively implement the project.

B. Policy and Value Chain Engagement: focusing on engagements with private and public sector actors to achieve sustainable value chains in FOLUR countries.

C. Strategic Knowledge Management and Communications: focusing on knowledge management and exchanges across FOLUR countries and partners.

The Indonesia project will actively participate and contribute to the Global Platform as part of its effort to achieving FOLUR objective in at the country-level. In this case, the project will participate in relevant FOLUR global events, as well as in regional engagements and platforms including the Sustainable Rice Landscapes Initiative (SRLI[1]). The project will also contribute to the development of FOLUR annual progress reports, quarterly monitoring and evaluation as well as lessons learned management and dissemination.

[1] See Box 1 in the Innovativeness, Sustainability and Potential for Scaling Up section for a description of the SRLI.

Indicative activities under Output 7.5 include:

No.	Activity description
7.5.1.	Actively participate in Global FOLUR?s communities of practice, including GCP
7.5.2.	Participate in regional (esp. including Malaysia and Papua New Guinea) commodity platform gatherings / discussions with private and public sector representatives
7.5.3.	Participate in training workshops, regional communities of practice (sharing knowledge, successes, lessons learned)
7.5.4.	Host two FOLUR regional workshops/events.
7.5.5.	Contribute to the development of FOLUR annual progress reports and quarterly M&E reports
7.5.6.	Contribute to the development of FOLUR knowledge, technical and policy products
7.5.7.	Contribute towards annual M&E results reporting to the Global Flagship Project for consolidation and reporting to GEF

4). Alignment with GEF-7 FOLUR Impact Program

In line with the objectives of the FOLUR Impact Program, the components and outcomes of the project will focus on:

Promoting sustainable food systems to meet growing global demand:

Indonesia is one of the world?s biggest producers of oil palm, cocoa, rice, and coffee. The project will help Indonesia to maintain its contribution to global supply of these crops in such a way as to maintain the natural capital on which the sustainability of their production depends, and minimize impacts on natural habitats, genetic diversity, and greenhouse gas stocks.

This will be achieved by an approach that:

? Provides farmers with the means, knowledge, and capacities to modify their production practices in favour of sustainability, with a minimum of impact on their productivity or profitability, within the context of their overall livelihood support and farming system strategies.

? Recognises that crop/commodity production systems are components of broader farming systems and landscapes: the viability/suitability and the social, environmental, and productive sustainability of the production systems will ultimately depend on their wise management being complemented by the sustainable management of the farming systems and landscapes as a whole. Integrated farming system management is necessary to ensure the resilience of farm families and their ability to meet their diverse livelihood and nutritional needs; while integrated landscape management is necessary to ensure that the ecosystem goods and services on which livelihoods and farming/production systems depend continue to be maintained, and to address the landscape-level dimensions of the threats associated with crop production.

Promoting deforestation-free agricultural commodity supply chains to slow loss of tropical forests

Market demand is one of the principal determinants of farmer behaviour, and market-driven crop expansion is one of the major threats that the project will seek to address. The project will help realize the potential for national and global value chains to provide leverage for sustainable production and management, thereby opening favourable market opportunities for farmers and providing them with market-based and financial incentives; while at the same time helping value chain actors meet their corporate social and environmental responsibility commitments and satisfying consumer demands for evidence of environmental sustainability.

The project will connect to global level commodity and food supply chain initiatives and networks, primarily through UNDPs Green Commodities Programme and Good Growth Partnership and FAO?s food systems approach, as well as through other means offered by FOLUR global platform. These connections will facilitate the project linking to global buyers interested in sourcing from jurisdictions advancing towards having deforestation free commodity production and also to learn latest best practice and policy of the global markets. The project will ensure that the national commodity platform supported within the project is connected to the global commodity initiatives (RSPO, WCF, ICO, GRSB, etc.) and serves as a principal forum for convening the global and national supply chain stakeholders in the country. The Sustainable Rice Platform (SRP) will be promoted based on FAO?s global lessons learned and experiences.

Market-based leverage of environmental sustainability will be complemented by the strengthening of capacities for land use planning, governance, and enforcement. This will also help to ensure that efforts to promote productive intensification, as a strategy for reducing crop expansion, do not backfire and result in further investments by farmers in crop expansion and deforestation.

Promoting restoration of degraded landscapes for sustainable production and to maintain ecosystem services

In line with this FOLUR IP objective, the landscape approach of the project will also involve the restoration of the capacities of landscape elements to sustain production, and to generate landscape-wide flows of ecosystem goods and services on which sustainable production and livelihoods depend. Restoration will be defined broadly: specific strategies will be identified case-by-case on the basis of local consultations and technical studies, but may include the sustainable management and assisted regeneration of degraded forest areas, the active reforestation (using locally-appropriate practices and genetic material) of deforested areas, and the use of agroforestry to restore nutrient and water cycles and resilience in farming systems that have suffered from degradation.

In line with FOLUR IP guidance, the project will also seek to be systems-based and transformative.

The *systems focus* is primarily centred on food systems. The project approach recognises that these are multi-dimensional: they consist of the value chains, stretching from input provision (technical support, finance and other means of production) through to consumers (passing through distributors, collectors, purchasers, processors, exporters and retailers); and also farming and livelihood systems, where farmer balance and integrate the production of cash crops with the satisfaction of food needs, non-agricultural on-farm income and off-farm income (e.g. paid work and remittances).

The systems focus of the project also recognises that farming systems and value chain systems operate within broader frameworks of landscape and social systems. The project will support capacities for jurisdictional land use planning, and inter-jurisdictional coordination of planning and management, in order to address the interactions between the different spatial elements that constitute landscape systems, such as upstream/downstream flows of water and impacts and the leakage of impacts across landscapes between production systems and natural ecosystems. The project will support the effective and equitable functioning of the social systems whereby different landscape stakeholders interact by, for example, supporting multi-stakeholder dialogue platforms and other mechanisms for representation, participation, and community-based governance.

The ***transformational impact*** of the programme will be achieved by involving national actors in the project at a range of levels: generating lessons on options for the transformation of production, landscape management and governance at district and provincial levels, and at the same time working with actors responsible for national policy and planning frameworks, and national and global private sector actors, to use these as channels for scaling out of these transformation impacts across the target sectors and value chains as a whole.

The strategic approach for realising transformational change is consistent with UNDP?s Food & Agricultural Commodity Systems (FACS) Strategy 2020-2030[3], which aims to achieve the following three key results by 2030:

i. Sustainable production landscapes and jurisdictions upscaled.

ii. Food and agricultural commodity supply chains transformed to become sustainable.

iii. All members of vulnerable households and smallholder producers empowered to become more resilient, attain food security and pursue healthy, sustainable livelihoods.

UNDP?s FACS Strategy addresses the underlying drivers of pressures on forest resources from global food systems, which have been compounded during the COVID-19 pandemic, with further stresses in food availability due to disruptions to local and global supply chains but also to loss of livelihoods of local communities, resulting in increasing levels of food insecurity among poor and vulnerable groups.

5). Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

There has been significant investment to date in Indonesia on controlling the production of oil palm, including commodity certification (Indonesia Sustainable Palm Oil/ISPO, Roundtable Sustainable Palm Oil/RSPO and *Sistem Verifikasi Legalitas Kayu*/SVLK/Timber Legality Assurance System), issuing a moratorium on new concessions and strengthening the enabling environment for social forestry. These are, however, not sufficient to shift towards a complete sustainable, reduced deforestation values chains. This project intends to build upon these initiatives, as well as the interventions and partnerships with private sector under GEF-6?s Good Growth Partnership, to transform the value chains of the four commodities, which have driven deforestation, unsustainable land use change and associated emissions over the last decade in Indonesia. Given the integrated nature of the project across national, provincial and district boundaries, the project?s interventions will **promote sustainable, integrated landscapes and efficient food value chains at scale.**

To advance the FOLUR IP global agenda, the project aims for a transformational change in commodity and crop value chains as well as land governance by significantly reducing deforestation led by expansion of oil palm, coffee, cocoa and rice nationally, and in target jurisdictions by strengthening sustainability in the value chains of these commodities and crop. Facilitated through participatory and multi-stakeholder collaborative processes, the GEF alternative will strengthen existing land use and development planning in the target provinces by formulating integrated landscape management plans that provide scientific-based guidance on protection of HCV/HCS ecosystems and sustainable and resilient production. The GEF alternative also accelerates the processes of improving connection and coordination between producers to increase cross-sector collaboration between peer companies (horizontally across the same stage of the value chain) as well as between producers and buyers (vertically through the value chain) to increase investment and support from buyers into cross-sector coalitions as well as public-private-community partnerships in production landscapes and between finance providers and companies working towards the sustainability of the sector, including expanded insertion of smallholder farmers into green value chains.

The GEF funds will support scale-up of reduced-deforestation, sustainable and resilient agriculture commodity supply chains for palm oil, coffee, cocoa and rice to reduce loss of HCV forests as far as possible and make sure that when it does happen it has the least possible impact in five geographies (Aceh, North Sumatera, West Kalimantan, South Sulawesi and West Papua) by improving key policies on sustainable production, combined with integrated land use planning outlined in sustainable growth plans and incentive mechanisms. Moreover, this funding will enable scale-up of restoration of at least 20,000 ha of degraded landscapes and increased protection of nearly 1.5 million hectares of priority ecosystems in these target jurisdictions, which will create habitat connectivity with/between conservation areas to conserve critically endangered species, as well as contribute to climate mitigation through an estimated 41,495,405 tons of CO_2-equivalent (tCO2e) lifetime direct emissions avoided over a period of 20-year. The funds will also allow the application of an integrated approach focusing on the entire value chains of palm oil, coffee, cocoa, and rice where coalition of actions between government, private sector and CSO actors, as well as local community will be fostered. It is expected to bring large-scale change in the target jurisdiction and to replicate successful models from the project at a national scale. The project will also leverage environmental benefits through enormous public sector investments in agriculture and infrastructure with ADB, IFAD, and World Bank, as well as the Indonesian Oil Palm Estate Fund (BPDPKS). Furthermore, the project will bring investment contribution from numerous private sector companies, donor agencies, CSOs, as well as governments into the process. The project will leverage green investment and finance through innovative public-private-partnerships for implementation of sustainable value chains, the mechanism for which will be explored further during the PPG. The project approach can generate lessons learned and be widely replicated in other countries.

6). Global environmental benefits

The project will generate global environmental benefits in the biodiversity, climate change mitigation and land degradation focal areas as follows:

Biodiversity:

? Reduction in the rates of loss of High Conversation Value Forests, resulting from improved landscape governance, market-based standards requiring deforestation-free production, and improvements to the sustainability of agricultural production in order to reduce motivations for expansion.

? Reduction in the biodiversity impacts of agricultural expansion in areas of convertible forest, by tailoring expansion and subsequent land use and management practices there to spatial variations in biodiversity values.

? Reduction in the degradation of the biodiversity values of protection forests through improved forest governance, and support to livelihood sustainability in forest-dependent communities in order to reduce their motivations for unsustainable extraction of forest products.

? Reduction in the degradation of the biodiversity values of managed forests, through support to low-impact social forestry practices tailored to local conditions.

? Optimization of biodiversity values (connectivity and habitat value) in production landscapes through the promotion of biodiversity-friendly production systems (such as tree crops with diversified composition and structure), diversified farming systems and the establishment and/or maintenance of corridors and set-asides.

? Reduction in the negative impacts of production practices on aquatic ecosystems (pesticide contamination and eutrophication from fertilizer run-off) through the promotion of sustainable low input management options.

? Restoration of ecosystems in areas of importance for biological connectivity or habitat, using appropriate species and management regimes tailored to the ecological needs of priority species.

? Reduction in the impacts of irrigation systems on globally important aquatic fauna (such as eels in North Sumatera).

Climate change:

? Reductions in the rates of loss and degradation of forests, as described above, will also translate directly into reductions in the rates of loss of carbon sinks and consequent greenhouse gas emissions.

? Emissions avoided from manmade fires.

? The restoration of forest areas, and the promotion of structurally and compositionally diverse tree-based production and farming systems, will result in net increases in carbon capture.

? The application of improved water management practices in rice production will result in reductions in methane emissions.

? Reductions in the use of artificial fertilizers, due to the increased use of agroecological practices, will result in reduced GHG emissions.

Land degradation:

Project interventions under the FOLUR country project in Indonesia will support the LDN National Voluntary Targets, particularly associated with the negative trend of conversion of forests into cropland. The project will support achievement of the LDN National Voluntary Targets[4] through (i)

formulation and legalization of the integrated landscape management (ILM) plans in the target jurisdictions, which will designate production landscape areas for protection, restoration, limited cultivation and production to limit deforestation and forest/land degradation, (ii) promoting multi-strata agroforestry through social forestry schemes, and (iii) empowerment of local communities and institutions to implement ILM and restoration plans, as well as good agricultural practices (GAP). It is also important to note that one of the three LDN hotspots, North Sumatera, is included in the project strategy as one of the five target provinces.

The promotion of sustainable management practices in the target crop production systems will contribute to maintaining and promoting long term productive potential of the land, by:

? Reducing the decline of soil fertility (?nutrient mining?), through the application of integrated nutrient management practices.

? Reducing the build-up of salts and chemical pollutants in the soil from excessive or inappropriate fertilizer and pesticide application.

? Reducing soil erosion by providing for adequate soil cover and other runoff control measures.

? Maintaining and promoting the functioning of beneficial biological processes in production systems and maintaining soil health (e.g. pest and disease control by beneficial insects, nutrient cycling), through the application of integrated pest management and conservation agricultural practices.

These global environmental benefits are reflected quantitatively in the GEF-7 Core Indicator Worksheet (see *Annex 18* to the Project document) and summarized below in *Table 13* of the Project Document.

Project Document Table 13: Project contributions towards GEF-7 core indicators and targets

Focal area	GEF-7 core indicators and targets	
Biodiversity	4.1. Area of landscapes under improved management to benefit biodiversity	1,474,000 ha
	4.4. Area of High Conservation Value Forest (HCVF) loss avoided	46,900 ha
Climate change	6.1. Carbon sequestered or emissions avoided in the AFOLU sector	41,495,405 metric tCO2e (lifetime direct)
Land degradation	3.2. Area of forest and forest land restored	20,000 ha

Cross-cutting	11. Number of direct beneficiaries disaggregated by gender as a co-benefit of GEF investment	103,000 (of whom 53,800 are female)

7). Innovativeness, sustainability, and potential for scaling up

The project has the potential for impacts well beyond the target jurisdictions, as landscape-level planning and systems change leadership are relevant across Indonesia. Through engagement with global supply chains, including building responsible demand in Asian markets, the project will have an impact on the global supply chains for sustainable production, contributing to transformation of global commodity production to become more socially, economically and environmentally sustainable, and to reduce loss of HCV/HCS forests. In order to achieve this, the project will engage through the FOLUR global platform, the UNDP Green Commodities Programme, and with countries and platforms outside of the country as a means to scale results and impact the broader food system.

An Open Innovation Challenge is included in the project as a separate output, with the aim of facilitating innovative solutions to food systems, land use, and restoration challenges in Indonesia. Recognizing the need for applying innovations, both in terms of new technologies and traditional approaches, for transforming and securing food systems, the Open Innovation Challenge will provide a mechanism for reaching out to the wider stakeholder community.

The project is also introducing an innovative systems leadership approach that aims to effectively engage a broad network of diverse stakeholders to advance the goal of achieving transformational systemic change. Key individuals will be identified among project stakeholder groups as systems leaders or sustainability champions, who will be trained and help catalyse systems-level change. The systems leadership approach will help bring together individuals from key governmental line ministries, including CMEA, Bappenas, MoA, and MoEF, as well as private sector enterprises and associations, other donor agencies, and NGOs to work collaboratively developing and implementing innovative plans and actions on integrated landscape management, conservation of HCV/HSC ecosystems, and sustainable and resilient production. Facilitating improved multi-stakeholder collaboration will help link policy decisions with practical realities on the ground, e.g., imposing increased demands on smallholder farmers to obtain sustainable production certification without addressing the elongated value chains many farmers are faced with that often result in low farm-gate prices, thus discouraging genuine participation. The project will make innovation contributions through strengthening financing mechanisms for farmers, enhancing traceability systems, demonstrating improved marketing through e-platforms, and fostering durable partnerships with enabling stakeholders.

A further aspect of the project that will constitute a major innovation at national and regional levels, and that results from its inclusion in the FOLUR Impact Programme, will be its linkages to regional and global dynamics and opportunities. Its links to the Sustainable Rice Platform, and its inclusion in

the Sustainable Rice Landscapes Initiative (SRLI) will in particular have the potential to catalyse systemic transformation, as shown below in *Box 1 of the Project Document*. *Table 25 of the Project Document* below shows the scale of the reach of the SRLI throughout the region, and therefore the extent of its potential impact as a regional catalyst for identifying and channelling resources and opportunities, and for managing and exchanging knowledge.

Box 1 of the Project Document: The potential for transformation and scaling out through the SRLI

The Sustainable Rice Landscapes Initiative (SRLI) is a partnership of FAO, SRP, the WBCSD (World Business Council for Sustainable Development), GIZ, IRRI and UN Environment. Launched in 2018, during the 6th GEF Assembly meeting in Danang, Viet Nam, the SRLI has created a unique consortium of public, private and civil society partners, bringing together technological, ecological, policy and market-led approaches to the challenges of rice sustainability.

The main objective of the SRLI partners in this initiative is to harness multiple opportunities to meet the growing global demand for sustainable rice and associated benefits, using a public-private partnership approach towards achieving the UN Sustainable Development Goals (SDGs).

Insertion of the project in the regional framework offered by the SRLI will significantly increase its potential to contribute to achieving transformative impact both nationally and across the SE Asia region as a whole, for example as follows:

? The establishment of an action group with SRLI and other partners will facilitate engagement with finance providers regarding the development of blended finance products with potential for application across the region, linked to the provision of technical assistance on sustainable rice production (see paragraph 240).

? Links to the SRLI will increase access by producers in the target area to regional and global value chains, including ?green? value chains that reward environmental sustainability: inter-country collaboration will also allow countries to achieve a critical mass of influence on markets.

? SRLI members have the potential to act as catalysts and conduits for knowledge management spanning the region on the integrated management of rice-based landscapes, allowing to lessons learned through this project and others in the region to be communicated widely and effectively and thereby to guide good practice.

Regional coordination on M&E, for example through the SRLI, will allow the impacts of the GEF-7 FOLUR IP to be monitored at sub-programmatic (regional) level, thereby allowing synergies among FOLUR/SRLI countries in SE Asia to be captured and collaborative responses to be agreed among participating countries.

Table 25 of the Project Document: GEF-7 rice oriented FOLUR and LDCF projects under development

Country	Funding Source	Project Name	IA	GEF grant (USD)	Indicative co-finance (USD)

Vietnam	FOLUR	Food System, Land Use and Restoration Impact Program in Vietnam	FAO	5,354,587	83,000,000
China	FOLUR	Innovative transformation of China?s food production systems and agroecological landscapes	FAO / World Bank	7,179,450	155,000,000
India	FOLUR	Transforming Rice-Wheat Food Systems in India	FAO	20,366,972	230,900,000
Thailand	FOLUR	Inclusive Sustainable Rice Landscapes in Thailand	UNEP	5,535,963	87,000,000
Indonesia	FOLUR	Strengthening sustainability in commodity and food systems, land restoration and land use governance through integrated landscape management for multiple benefits in Indonesia	UNDP / FAO	16,163,762	132,510,462*
Cambodia	LDCF	Promoting Climate-Resilient Livelihoods in Rice-Based Communities in the Tonle Sap Region	FAO	8,932,420	62,263,553
Myanmar	LDCF	RICE-Adapt: Promoting Climate-Resilient Livelihoods in Rice-Farming Communities in the lower Ayeyarwady and Sittaung River Basins	FAO	8,932,420	40,000,000
			Totals	**72,465,574**	**790,674,015**

*For the FOLUR country project in Indonesia, confirmed co-financing is shown.

A sustainability plan will be developed by the project that will outline the arrangements for facilitating the mainstreaming and upscaling of the innovative approaches and multi-stakeholder structures. To increase the likelihood that project results will be sustained and scaled up, the implementation of the sustainability plan will be initiated during the lifetime of the project.

Apart from limited execution support at the start of the project, in accordance with GEF policies the project will be fully owned and executed by relevant national institutions. Initial execution support will include a strong focus on ensuring that the limited gaps in the capacities of national institutions are addressed, enabling them to fully assume this execution role during the remainder of the project, and to allow their roles during the project period to transition seamlessly into enhanced performance in their designated roles post-project.

The project has a strong market-based approach, featuring the facilitation of the functioning of green value chains and close participation of major private sector actors. This will be a key factor in determining the durability of the uptake of environmentally sustainable production options, as it will motivate farmers to adopt and maintain them in the long term without reliance on unsustainable incentive support.

The multi-stakeholder ILM approach of the project will help to ensure the social sustainability of project results, by providing mechanisms that will allow possible underlying conflicts and social barriers to sustainability to be addressed in a participatory manner; strengthening governance mechanisms in a durable manner; and supporting the development of planning instruments for landscape management that include provisions for adaptation to evolving conditions.

The project will also support the development of durable mechanisms to provide finance/credit for sustainable production.

Lessons from engagement in sustainable production and farming systems will be shared with other export sectors, leveraging systems level change in Indonesia?s approach to agricultural development planning. Pathways to scale are built into the project design, such that lessons learned can be shared across Indonesia, with multi-stakeholder dialogues facilitated on palm oil and other commodities. Best practice models of smallholder engagement and support can also be replicated across the country?s vast number of smallholder farmers.

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[1] For more details, see United Nations Evaluation Group?s Guidance Document on ?Impact Evaluation in UN Agency Evaluation Systems: Guidance on Selection, Planning and Management?

[2]The Landscape Analysis Tool?s main objective is to analyse the status and dynamics of changes in deforestation that take place at the landscape level, as well as to assess the impact of any project which focuses on reducing deforestation in that specific landscape.

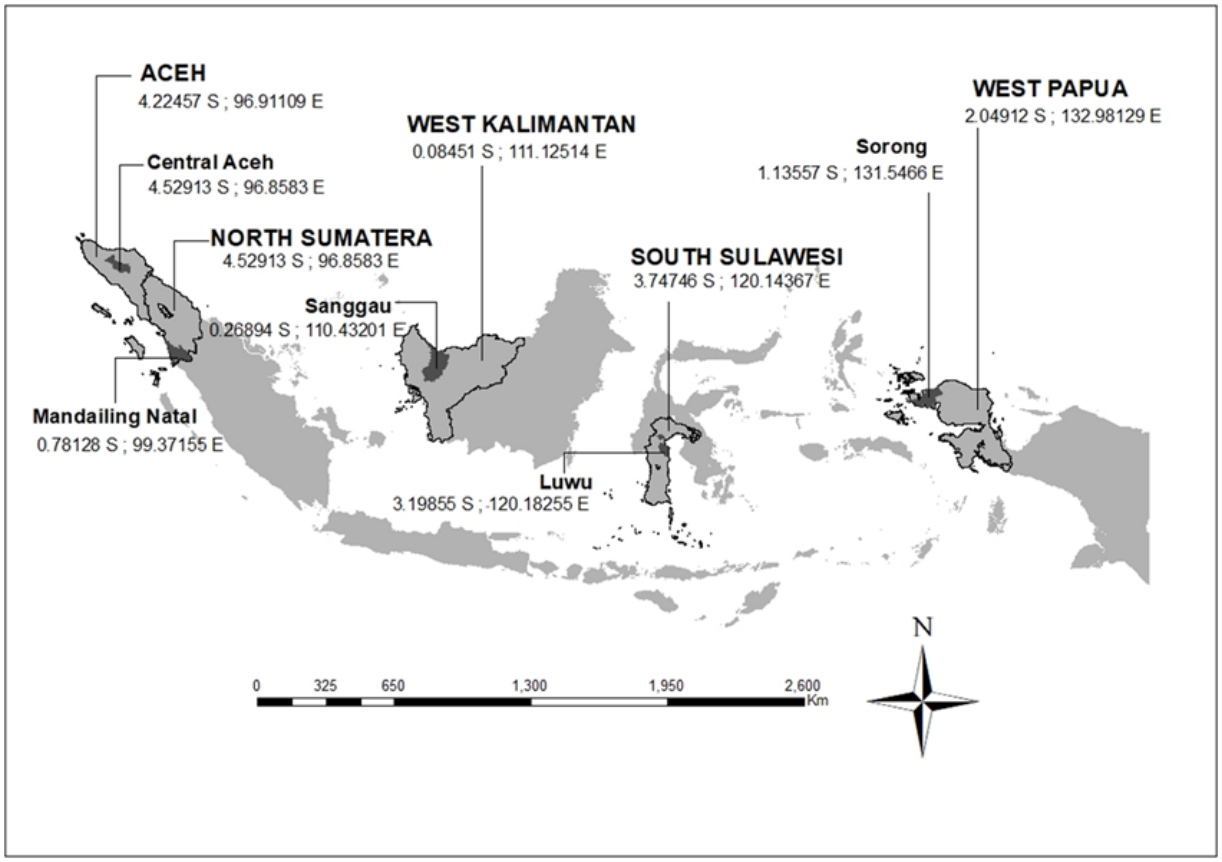
[3] UNDP?s FACS Strategy 2020-2030, Working Document, June 2020.

[4]Indonesia ? Land Degradation Neutrality National Report, Republic of Indonesia, Jakarta, 2015.

1b. Project Map and Coordinates

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

The project map showing target jurisdictions and geocoordinates is included in **Annex E**.



Geo-referenced information:

1) Aceh: 4,224556 S; 96.91109 E

2) Central Aceh: 4.52913 S; 96.8583 E

3) North Sumatera: 4.52913 S; 96.8583 E

4) West Kalimantan: 0.08451 S; 111.12514 E

5) Sanggau: 0.26894 S; 110.43201 E

6) South Sulawesi: 3.74746 S; 120.14367 E

7) Luwu: 3.19855 S; 120.18255 E

8) West Papua: 2.04912 S; 132.98129 E

9) Sorong: 1.12557 S; 131.5466 E

1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

This project is one of 27 country projects under the GEF-7 FOLUR Impact Program (GEF Program ID 10201). The project?s integrated approach contributes to the FOLUR program?s theory of change, advancing the global agenda of fostering transformational change and greater environmental sustainability in food systems and land management. Simultaneously addressing commodity supply chains, land use planning systems, landscape-level restoration and working to shift the mindsets and relationships of people in the system, enables systemic barriers to conservation of globally valuable forests and peatlands to be addressed. The project components will contribute towards the FOLUR programmatic outcomes as shown in Project Document *Table 12*, copied below.

Project Document Table 12: Project contributions towards FOLUR Impact Program results

FOLUR Impact Program		**Indonesia Country Project**	
Program objective: To promote sustainable, integrated landscapes and efficient food value & supply chains at scale		**Project objective**: To generate multiple benefits for biodiversity, climate change, and land degradation through integrated landscape management, sustainable and resilient commodity production and farming systems, and participatory restoration and forest governance	
GEF Core Indicators:		**GEF Core Indicators:**	
Core Indicator 3: Area of land restored	2,387,402 ha	Core Indicator 3: Area of land restored	20,000 ha
Core Indicator 4: Area of landscapes under improved practices	42,954,864 ha	Core Indicator 4: Area of landscapes under improved practices	1.474 million ha, leading to 46,900 ha of HCV forest loss avoided
Core Indicator 6: GHG emissions mitigated	304,701,753 tCO2e (direct)	Core Indicator 6: GHG emissions mitigated	41,495,405 metric tCO2e (lifetime direct)

FOLUR Impact Program		Indonesia Country Project	
Core Indicator 11: Direct beneficiaries	7,277,223 (3,609,733 female)	Core Indicator 11: Direct beneficiaries	103,000 (of whom 53,800 are female)
Program Component 1: Development of integrated landscape management systems		**Project Component 1**: Enabling environment for sustainable value chains and integrated landscape management	
Outcomes: ? Participatory planning and mapping for improved land use & management at landscape level promoted ? National land use plans and policies on land use planning and management influenced ? Governance systems strengthened and capacity built across landscape and land use management institutions and at national level ? Policies and incentives promoted for innovation & scale up of sustainable practices at national scale. **Indicators:** ? Number of landscapes or jurisdictions with improved planning & management practices to foster sustainable food systems ? Number of countries with improved enabling conditions, institutional mandates, and incentives for ILM ? Number of landscapes or jurisdictions with environmental / sustainability standards in place, enforced ? Number of national multi-stakeholder dialogue mechanisms/platforms effectively operated for integrated landscape management		**Outcome 1**: Strengthened policy and planning framework for integrated landscape management, commodity and/or crop value chains and landscape governance at national and sub-national levels, informed by multi-stakeholder engagement **Indicators and end of project targets:** ? **Improved consistency and relevance of policies in the project jurisdictions**, as indicated by at least 30% of policies assessed in the project jurisdictions, on issues of relevance to ILM and sustainable food systems, lead to higher score of using the policy assessment scorecard ? **Improved multi-stakeholder collaboration in integrated landscape management and value chains**, as measured by verifiable improvement along the ladder of systemic change scorecard (to be defined when baseline assessments are completed at project inception). **Outcome 2**: Integrated landscape management approach mainstreamed in the target provinces and districts through adoption of jurisdictional integrated landscape management plans **Indicators and end of project targets:** ? **Mainstreamed landscape management approach,** as indicated by 46,900 ha of priority areas under improved management (1.474 million ha) is set aside for conservation as defined by provincial or district planning frameworks, or conservation decrees, regulations, programmes ? **Strengthened landscape management at the district level**, as indicated five (5) regulatory decisions that respond to the provisions of the land use plans	
Program Component 2: Promotion of sustainable food production practices & responsible commodity value chains		**Project Component 2**: Promotion of sustainable crop production practices and responsible value chains	

FOLUR Impact Program	Indonesia Country Project
Outcomes: ? Improved land use practices and restoration activities in major production landscapes adopted and scaled up ? Governance structures & tools improved to reorient stakeholder practices toward sustainable productive use and restoration ? Policies & incentives improved for scale up of climate-smart, sustainable production practices and value chains at national level ? Partners, value chain actors, financiers and investors regularly convened, motivated and influenced to promote innovation, replication & scale up **Indicators:** ? Area of degraded land restored for production ? Area on which producers apply improved agricultural practices as measured by SDG 2.4.1 (area under sustainable agriculture) ? Production area with investment in sustainable, responsible practices in target commodity & food production systems increased ? Number of Companies / Value chain organizations committed to sustainable, responsible sourcing of commodities increased ? Number of national enabling environments promoting sustainable food production and deforestation free commodity supply chains ? Number of national multi-stakeholder dialogue mechanisms/platforms effectively operated for sustainable commodity supply chains and across commodities ? Landscape area with reduced conversion and degradation of forests & natural habitats ? Public and private investments leveraged in support of sustainable commodity value chains through PPP or adoption of sustainability standards and practices	**Outcome 3**: Sustainable and responsible investment and finance through public-private-community partnerships leveraged for implementation of sustainable value chains. **Indicators and end of project targets:** ? **Strengthened implementation of sustainable value chains**, as indicated by USD 1 million disbursed for smallholder farmer households (at least 10% of each crop) in the project jurisdictions, of which at least 10% are female-led households ? **Expanded private sector involvement**, as indicated by 18,000 ha and 14,000 farmer households involved in PPPs and/or PPCPs to strengthen sustainable production and value chains (8,000 palm oil households (100%), 12,000 ha; 3,000 coffee households (50%), 3,000 ha; 1,000 cocoa (50%), 1,000 ha; 1,000 rice (25%), 2,000 ha) **Outcome 4**: Smallholder farmers receiving increased value for their products through integrated value-chain traceability systems and improved grading for selected commodities and jurisdictions. **Indicators and end of project targets:** ? **Enhanced traceability of sustainably produced palm oil, cocoa, coffee, and rice**, with 18,000 ha under verified traceability systems (12,000 ha oil palm; 3,000 ha coffee; 1,000 ha cocoa; 2,000 ha rice) ? **Improved capacities of farmers to add value to palm oil, cocoa, coffee, and rice**, as indicated by (a) 10% palm oil, (b) 10% coffee, (c) 10% cocoa, and (d) 10% rice of production by smallholder farmers in project districts subject to effective grading by quality **Outcome 5**: Smallholder farmers and support services strengthened in target districts to implement sustainable and resilient production and farming systems. **IIndicators and end of project targets:** ? **Increased capacities for farmer support for sustainable and resilient production and farming systems**, as indicated by the increase in the numbers of farmers the following services have capacity to provide support on sustainable and resilient production and farming systems: (a) % increase for extension services, (b) % increase for private sector technical support schemes, and (c) % increase for farmer field schools ? **Improved access to technical support by smallholder farmers**, as indicated by the following percentage increase in the numbers of farmers receiving regular technical support in relation to sustainable production and management: (a) % increase for oil palm farmers (of whom 15% are women), (b) % for coffee farmers (of whom 50% are women), (c) % for cocoa farmers (of whom 50% are women), and (d)

FOLUR Impact Program	Indonesia Country Project
Program Component 3: Restoration of natural habitats	**Project Component 3**: Conservation and restoration of natural habitats
Outcomes: ? Sustainable land use practices and restoration activities scaled up in target landscapes and beyond ? Governance strengthened and institutional capacity built for landscape restoration ? Policies and incentives improved at national level to contain expansion, increase productivity, promote & scale up restoration actions ? Partners, value chain actors, financiers and investors regularly convened, motivated and influenced to encourage responsible & sustainable production, sourcing & marketing **Indicators:** ? Area or number of jurisdictions with improved and participatory approaches for restoration adopted ? Area of landscapes with clarified boundaries and allowable land uses in protected and production systems ? Area of land where degradation is avoided in degraded landscapes / habitats ? Area of degraded land restored for conservation and environmental services ? Tons of GHG avoided/sequestered	**Outcome 6**: Participatory models of management and incentive mechanisms catalysing biodiversity conservation, land/habitat restoration and improved governance of priority ecosystems enabled in target districts. **Indicators and end of project targets:** ? **Extent of participatory governance of priority ecosystems**, as indicated by 50,000 ha and 5,000 households (including 500 female-led households) covered by management plans with incentive mechanisms that are under implementation ? **Livelihood diversification through gender-sensitive social forestry interventions that are shown to reduce pressures on natural resources**, as indicated by 3,000 individuals (of whom 60% are women) engaged in alternative livelihood activities (e.g., sustainable utilization of NTFPs, eco-tourism, processing of local foods, etc.)
Program Component 4: Program coordination, collaboration, and capacity building	**Project Component 4**: Knowledge Management, Coordination, Collaboration, and Monitoring and Evaluation

FOLUR Impact Program	Indonesia Country Project
Outcomes: ? Management, coordination & M&E effectively implemented ? Program Capacity Strengthening effectively delivered ? Policy & Value Chain actors effectively and regularly engaged ? Strategic Knowledge Management & Communications effectively implemented ? Program level mechanisms established to efficiently coordinate country projects with global multi-nationals and industry associations for efficient linkages to supply chains and production systems **Indicators:** ? Integrated, efficient and effective child projects working toward common global FOLUR goals ? Number of global, regional, national commodity platforms strengthened through adoption of sustainability standards, traceability mechanisms, or increased stakeholder representation ? Strengthened policies of buyers (retail, consumer, traders) for deforestation free commodities and connections and benefits to FOLUR landscapes ? Number of events & documents disseminated to share knowledge beyond FOLUR countries through S-S exchanges, conferences, and global events, including community of practice	**Outcome 7:** Integrated knowledge management, coordination, and collaboration to enhance knowledge of factors to foster lessons learned for replication in other areas **Indicators and end of project targets:** ? **Documentation of sustainable production and sustainable landscape management associated knowledge**, as indicated by (a) 20 knowledge products (at least 5 highlighting gender mainstreaming), (b) 20 communication pieces/stories (c) 5 traditional knowledge databases, and (d) 2 research papers developed or strengthened ? **Expanded FOLUR Community of Practice**, as indicated by (a) 10 country documents, (b) 20 events, and (c) 20 press reports promoting FOLUR

2. Stakeholders

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

Civil Society Organizations

Indigenous Peoples and Local Communities

Private Sector Entities

If none of the above, please explain why:

Please provide the Stakeholder Engagement Plan or equivalent assessment.

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

Select what role civil society will play in the project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier; Yes

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain) Yes

A stakeholder analysis was undertaken during project preparation to identify key stakeholders and multi-stakeholder initiatives, consult with them regarding their interests in the project and define their roles and responsibilities during project implementation. Based on these analyses, a *Multi-stakeholder collaboration and stakeholder engagement plan* (*Annex 8* to the *Project Document*) has been developed to guide the implementation team.

Summary of Stakeholder Consultations during Project Preparation Phase:

The stakeholders engaged during the PPG phase are listed below:

Coordinating Ministry for Economic Affairs (CMEA)

Ministry of Environment and Forestry
Ministry of Agriculture
Ministry of Finance
Ministry of National Development Planning (BAPPENAS)
Indonesia Oil Palm Plantations Fund Management Agency (BPDPKS ? CPO Fund)
Provincial and District level Development Planning Departments (BAPPEDA), Agriculture Departments, Forestry Offices, Plantation Offices, Environmental Offices, Spatial Planning Departments in the five project landscapes (Aceh, North Sumatera, West Kalimantan, South Sulawesi, West Papua)
Local communities in Aceh, North Sumatera, West Kalimantan, South Sulawesi
Domestic and International Non-Governmental Organizations, including CIFOR, ICRAF, Rainforest Alliance, The Nature Conservancy, IRRI, PERPADI, PRISMA, Conservation International, WWF, Rikolto, Daemeter, WRI, Leuser Foundation, Indonesian-Swiss Technical Cooperation in Sustainable Cocoa Production (SwissContact).
Private Sector Companies, including Mondelez, Olam, Unilever, Mars, Musim Mas, Cargill, Sinarmas, Wilmar, Golden Agri, IKEA, Starbucks, ANJ, GAR, Sime Darby
Associations, including Indonesia Sustainable Palm Oil Forum (FOKSBI), Sustainable Coffee Platform of Indonesia (SCOPI), Cocoa Sustainability Partnership (CSP)

Stakeholder consultations during the project preparation phase started in September 2019 with visits to the provinces of Aceh, West Kalimantan, and South Sulawesi to brief the provincial level stakeholders on the project objectives and the project concept. Follow-up missions were carried out later in September to the local jurisdictions in North Sumatera and South Sulawesi, including consultations with local communities. Focus group discussions were held with NGOs in Jakarta, and local NGOs were consulted during the field missions to the project landscapes. The 3-day PPG inception workshop was held from 02-04 October 2019 with representatives of national ministries and agencies and each of the five target provinces and districts participating. A dedicated session was convened with NGOs and private sector stakeholders, to brief them, to understand their baseline activities and discuss potential synergies.

The CMEA was kept appraised through the project preparation phase, and CMEA officials participated in the PPG stakeholder meetings and field missions. Missions were carried out in December 2019 to Aceh, West Kalimantan, and West Papua, to further brief provincial and local stakeholders, and have initial consultations with local communities.

In February 2020, a national stakeholder consultation workshop was convened in Jakarta, to obtain feedback regarding the indicative activities and to discuss co-financing contributions and synergies in more detail. This workshop was followed with coordination meetings with the line ministries, to discuss project strategy and proposed implementation arrangements.

The stakeholder consultations made during the project preparation phase and the people consulted are documented in *Annex 9* to the *Project Document* (*People consulted during project preparation*).

The preliminary version of the Project Document was circulated to project stakeholders and a series of in-person and online review workshops were convened in autumn 2020, prior to submission of the CEO ER in December.

Summary of the Stakeholder Engagement Plan:

Achieving progress on the sustainable development agenda requires a departure from traditional top-down, hierarchical, and linear approaches to implementing change. Instead it requires innovative and adaptive approaches that engage broad networks of diverse stakeholders to advance progress toward a shared vision for systemic change. This approach is often called Systems Leadership, defined as a set of skills and capacities that any individual or organization can use to catalyse, enable, and support the process of systems-level change, and comprised of three interconnected elements:

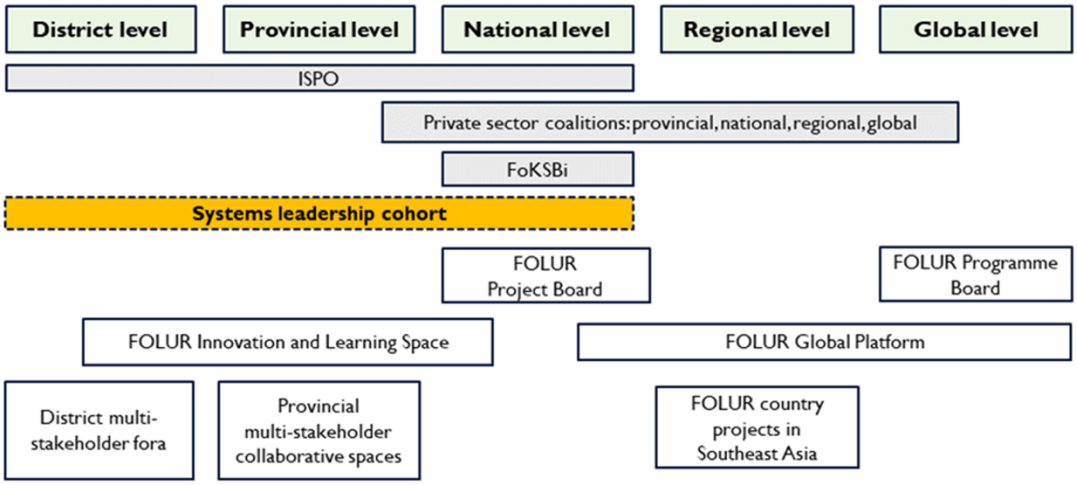
- The Individual: The skills of collaborative leadership to enable learning, trust-building and empowered action among stakeholders who share a common goal.
- The Community: The tactics of coalition building and advocacy to develop alignment and mobilize action among stakeholders in the system, both within and between organizations.
- The System: An understanding of the complex systems shaping the challenge to be addressed.

As the GEF FOLUR programme strategically seeks system transformation, it is essential that all of these three factors are enabled in the programme. Development approaches previously have often ignored the individual leadership capacity and not invested appropriate in the community building around a shared vision for systemic change. In this case changing the systems around how we use land in favour of a more sustainable future for generations to come.

Therefore, the multi-stakeholder collaboration strategy of this programme involves creating capacity for leaders in government at all levels, as well as local champions in the landscape, to lead collaborative processes that transform systems and serve catalysts and enablers of systems transformation.

The approach will begin with a regional FOLUR systems leadership cohort with selected individuals from Indonesia, Malaysia, and Papua New Guinea, providing a deep and strong base for regional collaboration and leadership in the FOLUR landscapes. This will then lead to a train the trainer approach for local and cultural adaptation to develop the capacity of sustainability champions and systems leadership in the landscapes. At least 50% of spaces from each country / area will be reserved from women. More than 50% of participants may be women, but not more than 50% may be men.

Stakeholder collaboration across project levels, including, district, landscape, state, national, regional and global is illustrated below in *Figure 37* of the Project Document.



Project Document Figure 37: Stakeholder collaboration schematic

At the district level, multi-stakeholder fora will be established, linking up with existing cross-sectoral planning mechanisms, to facilitate mainstreaming information from the provincial ILM plans. The collaborative spaces at the provincials level will coordinate interests from government departments, NGOs, farmer groups, and the private sector and guide the work at the district levels.

The Project Board will be an important multi-stakeholder collaboration platform, convening national level officials in providing oversight and strategic guidance to the project. The FOLUR Innovation and Learning Space will provide regular opportunities for multi-stakeholder interaction on key sustainability issues.

Interacting with other FOLUR country projects, particularly the ones in Southeast Asia and the FOLUR Global Platform will facilitate improved stakeholder collaboration at the regional and global levels.

The multi-stakeholder collaboration and stakeholder engagement plan aims to generate the following benefits:

a. Engaged and motivated stakeholders who share an inspiring vision for the future.

b. Raise collective awareness of the challenges to raise the overall level of intelligence in the system.

c. Facilitate collaboration problem solving and implementation.

d. Promotion of equitable gender representation and leadership.

e. Build capacity to keep on doing collaborative work ? for problem solving, innovation, resolving conflict.

f. Empower local champion stakeholders to lead collaborative processes so solutions have local ownership and are sustainable beyond the life of the project.

g. Build and strengthen relationships and trust that will last.

h. Blend with existing collaborative initiatives / mechanisms, and government processes.

i. Follow international good practice.

South-south cooperation (SSTrC): Experiences from the landscape on transformational change in land use planning, food and commodity systems will also be shared through South-South cooperation with other countries participating in the FOLUR program. In particular, opportunities will be built into the project for international exchanges with FOLUR country projects in Malaysia and Papua New Guinea (PNG). The project will connect with similar country projects based on similar commodities and approaches to share resources combined and collective knowledge management products for example, a collective guidance on sustainable palm oil or jurisdictional approaches. These products can then contribute to FOLUR Knowledge-to-Action Global Platform, and to facilitate dissemination through global ongoing South-South and global platforms, the UN South-South Galaxy knowledge sharing platform and PANORAMA[1].

In addition, to bring the voice of Indonesia to global and regional fora, the project will explore opportunities for meaningful participation in specific events where UNDP could support engagement with the global development discourse on sustainable and resilient commodity production systems. The project will furthermore provide opportunities for regional cooperation with countries that are implementing initiatives on integrated landscape management in geopolitical, social, and environmental contexts relevant to the proposed project in Indonesia.

[1] https://panorama.solutions/en

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

Indonesia has made significant strides towards closing the gender inequality gap and contributing to development. In 2018, Indonesia?s Human Development (HDI) Index value was 0.727, with the ranking of 111 out of 188 countries and territories.[1] The 2018 HDI value for Indonesia illustrates a more than 38.4 percent increase from the 1990 HDI value. The improved HDI is evidence of the progress the country has made towards increasing life expectancy at birth, mean years of schooling, and gross national income (GNI) per capita over that period. The Gender Development Index (GDI) for Indonesia in 2018 was 0.937, an increase from 0.8942 in 2010. The Government of Indonesia has taken numerous steps in the last decade to further gender equality through legislation, resulting in Indonesia receiving a gender inequality index (GII) value of 0.451 and a ranking of 103 out of 162 countries in 2018, up from 110 in 2016.

There remain considerable gaps in Indonesia with respect to gender quality and women?s empowerment. The overwhelming majority of households (85%) are headed by men. As women?s work is normally associated with the domestic realm, the interests of women are often not discussed or addressed directly and/or not considered a priority. Although women are shown to be responsible for both productive and reproductive work, they usually lack access to and control over vital resources, such as land, services and extensions, technology, and markets. Indonesian women also often have limited agency at village and community level, due partly to their long working hours for productive and reproductive work, which prevents them from fully participating in social activities and have been shown to have insufficient skills and expertise, and lack of experience, in sharing their ideas, aspirations and needs. In rural and urban communities, almost all agricultural organizations in Indonesia include only male members. At the village and community level, agricultural organizations serve a pivotal role in agricultural decision-making processes, being in charge of determining various activities such as selecting seed varieties, arranging planting dates and irrigation schedules. The limited presence of women in farmer organizations means that women?s voices are not necessarily heard in community decision-making. In seeking to address the issue, the Government of Indonesia has established and supported many women only farmer groups and fish processing groups in the agricultural sector, which now amount to total 17%of the total.[2]

The FOLUR project?s gender mainstreaming strategy is cognizant of differences between men and women in terms of needs, priorities, the division of labour and access to knowledge and resources, and includes the following aspects, among others:

a. Ensuring equitable representation of women and men in project activities and related groups which are established and/or strengthened under the project.

b. Allocating targeted budgets and other relevant resources for activities that promote the active and meaningful involvement of women, including in the monitoring and evaluating of these activities.

c. Ensuring that opportunities for active participation, training, skills- and capacity-building for women are identified and budgeted for in the relevant project outcomes.

d. Ensuring consultation with women, and where possible, key women?s groups on needs and priorities related to project activities and/or interventions.

e. Ensuring that any and/or all strategic and planning documents are developed in consultation with women and/or key women?s groups.

f. Providing equal opportunities for women in the recruitment of project implementation staff, including any relevant third-party service providers (e.g., consultancies).

g. Promoting, and whenever possible ensuring, equal pay for women and men.

Gender issues will be also addressed within the context of strengthening ?sustainable production? practices, which include the social as well as environmental dimensions. Opportunities will be explored and/or initiated to work with private sector entities on gender outcomes that would take the engagement to a higher level (e.g., women?s empowerment certification, such as the W+ Standard).[3]

The project has UNDP GEN2 gender marker standard**.** Key gender-disaggregated indicators and targets in the project results framework and monitoring plan will be tracked throughout project implementation. More information on gender mainstreaming is included in *Annex 11* (*Gender Analysis and Action Plan*) to the project document. Specific gender equality and women?s empowerment targets have been set, including ensuring equitable representation of women in project decision-making bodies; ensuring equitable proportion of benefits realized from the project will be delivered to women; ensuring gender considerations are integrated landscape management plans; promoting gender awareness throughout the project implementation phase, and promoting equal opportunity for employment for positions within the project management office, consultancies and other service providers. Moreover, resources for a full-time Gender-Safeguards Officer to oversee the implementation of the gender action plan.

The gender mainstreaming framework extracted from the *Gender Action Plan (Annex 11* to the Project Document) is copied below:

Activity	Actions	Indicator	Target

Activity	Actions	Indicator	Target
Facilitating women empowerment	Ensure appropriate representation of women in the project?s decision-making bodies.	Representation of women on project decision-making bodies, including the following: Project steering committee, Landscape committees and working groups	Equitable proportion
Enhancing gender equality	Ensure equitable proportion of benefits accessed by and delivered to women from the project, including opportunities for training, access to financing, resources and capital for improved farming practices and market development and partnership development.	Representation of women as direct beneficiaries, including the following: Institutional level stakeholders trained, Farmers trained, Agricultural associations and cooperatives, receiving financing, resources, and capital, Membership to agricultural associations and cooperatives.	50%
Ensuring gender integration	Ensure that all relevant gender considerations are integrated into appropriate policies, strategies, plans, regulations and sectoral programmes.	Number of gender-responsive measures included in proposed policies, strategies, plans, regulations and sectoral programmes	100%

Activity	Actions	Indicator	Target
Promoting gender awareness	Promote gender awareness throughout all phases of project implementation. All gender awareness training and services should be delivered by qualified service providers. The project management team members, consultants and other service provider(s) staff involved in the project activities will be trained accordingly. Training on gender awareness for the staff of implementing partners will be conducted, when appropriate and required. Training will also be including guidance on how to detect, intercept, respond to, and prevent gender-based violence, sexual harassment, and other problems that may emerge during project implementation.	The percentage of project management team members, consultants and other service provider(s) staff and partners receiving gender awareness training.	100%
Promoting equal opportunity employment	Promote equal opportunities for employment positions within the project management office, consultancies, and service providers, supporting the implementation of project activities. Ensure equal pay will be provided to both women and men for work of equal type in accordance with national laws and international norms. Ensure a safe working conditions for both women and men workers will be provided.	Percentage of women employed as project management staff, consultancies, and service providers.	Equitable proportion
Women?s empowerment in agriculture	Facilitate women?s empowerment in agriculture, according to the categories outlined in the scorecard in Table 5 in Annex 11.	Improvement in the Women?s Empowerment in Agriculture scorecard (see *Table 5 in Annex 11 to the Project Document*) from project inception to the end of the project.	30% improvement in scorecard assessment

The majority of the direct project beneficiaries are individuals within smallholder farmer households. The project will be strengthening capacities and increasing awareness among smallholder farmers, in order to reduce pressures on natural resources in the project landscapes. Project supported interventions include promoting on-farm improvements through implementation of good agricultural practices and

diversification of livelihood alternatives; facilitating improved collaboration through farmer groups, cooperatives, clusters, or other associations; facilitating expanded partnerships with civil society and private sector; strengthening financial management skills; and promoting increased access to microcredit and other financing schemes.

Women will be specifically targeted in these interventions. Following some of the approaches advocated by the International Food Policy Research Institute (IFPRI)[4], the project aims to promote women?s empowerment in agriculture. As part of the environmental and social impact assessments (ESIA) that are planned to be carried out in the project landscapes at project inception, baseline surveys of women?s empowerment in agriculture will be made using the relevant sections of the index developed by IFPRI (the adapted index is presented in the project *Gender Analysis and Action Plan*). According to the results of the baseline surveys, specific actions will be incorporated into the environmental and social management plan (ESMP) in order to strengthen women?s empowerment in agriculture, and follow-up surveys will be made at the end of the project to assess achievements made.

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[1] Human Development Report 2019, UNDP.

[2] Food and Agriculture Organization (FAO). (2019). *Country Gender Assessment of Agriculture and the Rural Sector in Indonesia*. Available at: http://www.fao.org/3/ca6110en/ca6110en.pdf

[3] The W+ Standard was developed in 2014 by Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN).

[4] Abbreviated Women?s Empowerment in Agricultural Index (A-WEAI), International Food Policy Research Institute (IFPRI), 2017.

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 Yes

Generating socio-economic benefits or services or women Yes

Does the project?s results framework or logical framework include gender-sensitive indicators?

Yes
4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

The overall success of the FOLUR Impact Program in achieving transformational change in food systems and land use, engagement of the private sector is critical, from producers on the ground to retailers in domestic and global markets.

The stakeholder engagement strategy for the private sector is multi-faceted. Firstly, private sector organizations will be included in the multi-stakeholder collaborative spaces, providing opportunities to proactively interact with government, civil society and local community representatives in achieving mutually beneficial outcomes. A full-time Private Sector Engagement Specialist on the project will facilitate engagement with private sector companies, as well as linking up with existing private sector coalitions.

Facilitating expanded insertion of independent smallholder farmers into sustainable value chains is another aspect of the stakeholder engagement strategy with the private sector. The project will support strengthened collaborations between mills and smallholders, provide capacity building to smallholders and extension services to enhance knowledge and application of good agricultural practices, and work with financial institutions, governmental officials, and private sector organizations to increase opportunities and access to incentive mechanisms.

Another aspect of the private sector engagement strategy is focusing on issues that have clear business value and address pressing sustainability issues. The project will support and advocate an Open Innovation Challenge that encourages participation of the private sector on strategic issues facing the sector.

For a systemic approach to be effective, the project will aim to convene all of the most important private sector producers across the landscapes, along with the key buyers, to facilitate dialogue and collaboration between them. The broad areas around which greater collaboration is needed are identified in this document, but we believe that pre-defining the specific activities in too much detail is counter-productive because the companies themselves need to identify where they want to collaborate during the implementation phase so that there is shared ownership and genuine commitment to the initiatives that are generated. The process for planning and coordination will also be developed jointly with the partners during implementation once there is greater clarity on the specific activities and roles.

In this regard, the companies providing project co-financing have been some of the key leaders in sustainability work in the region (including Mondelez, Unilever, Olam). Their current co-financing commitments to the project represent investments they are making in activities aligned with the project objectives. During project implementation that focus will not be on bilateral partnerships with the co-

financing partners, but rather to work together with the co-financing partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale.

The project will engage with the major producing companies (e.g. Musim Mas, Asian Agri, Astro Agri Lestari, GAR, Sime Darby, and so on) and the medium and small producers, particularly through the industry association GAPKI. We will also engage large domestic buyers, manufacturers and retailers ? and the large international traders and buyers, particularly through existing coalitions such as the Consumer Goods Forum Forest Positive Coalition (which includes Asia Pulp & Paper, Unilever, Tesco, Danone, Carrefour, Danone, Mars, Mondelez, PepsiCo, General Mills, P&G, Colgate Palmolive, Walmart, Metro, Bimbo, and others) and the Soft Commodities Forum (ADM, Bunge, Cargill, COFCO, Glencore, Louis Dreyfus) as well as sustainable palm oil initiatives that exist in a number of demand countries. Finally, the project will engage with domestic and international financiers of palm oil, particularly through existing international collaborations on finance for sustainable palm oil.

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

The identified risks that could affect the implementation and results of the project are described in the risk register in *Annex 6* to the Project Document, along with proposed mitigation measures and recommended risk owners who would be responsible to manage the risks during the project implementation phase.

The identified operational, financial, organisational, political, and strategic risks include possible resistance of local farmers in adopting the approaches promoted by the project, conflicting policy directions among federal, state and local governments, legislative approval flows do not match the project implementation timeframe, uneven achievement of project outcomes across the two states, inadequate participation and buy-in at local levels, private sector involvement not materialising as planned, impacts of ongoing COVID-19 pandemic or similar public health crisis on the continuity and delivery of the project, and impacts of a possible global economic recession on project delivery.

The risk register also includes a separate set of risks identified as part of the private sector due diligence process. Risk mitigation measures, including the communications strategy, associated with engagement of private sector partners are integrated into the overall risk management approach.

Social and environmental risks were assessed as part of the UNDP social and environmental screening procedure (SESP ? see *Annex 5* to the Project Document and the table below) are also consolidated into the risk register. The SESP was finalised during project preparation, as required by UNDP?s Social and Environmental Standards (SES). The SESP identified twenty-one risks for this project that could have potential negative impacts in the absence of safeguards, two (2) of these risks were rated as low, eleven (11) as moderate and nine (9) as high. The overall SESP risk categorization for the project is **High**.

The COVID-19 pandemic has disrupted social and economic circumstances across the globe. The FOLUR project in Indonesia has been classified as a High-risk project and, hence, a comprehensive set of safeguards have been developed and integrated into the project design. COVID-19 does pose unique risks and, hence, the overall risk assessment for the project has been updated accordingly. Active participation of smallholder farmers is an important part of the project design, and COVID-19 could affect their ability and willingness to take part. Working with multiple stakeholders, increased efforts will be placed on demonstrating the added value to farmers, e.g., improved productivity, more secure supply chains, diversified livelihoods, etc. There are also risks that national and local governments will be preoccupied with tending to the COVID-19 pandemic and recovery efforts and placed a reduced level of importance to the project. Governmental partners have issued substantial cofinancing letters for the project, and proactive stakeholder engagement will be facilitated through the Project Steering Committee and multi-stakeholder level platforms.

In accordance with UNDP?s SES guidelines, an Environmental and Social Management Framework (ESMF) has been developed for this high-risk project during the project preparation phase (see *Annex 10* to the Project Document). The ESMF will be publicly disclosed via the UNDP Indonesia website in accordance with UNDP?s SES guidelines. The ESMF sets out the additional safeguards measures that apply to the project during the inception phase, including but not limited to: (i) the completion of an environmental and social impact assessment (ESIA) and a social and environmental strategic assessment (SESA) to further assess potential risks and impacts associated with the project; and (ii) the development of an Environmental and Social Management Plan (ESMP) including identified management measures as required based on the results of ESIA/SESA. The development of the ESIA/SESA and ESMP will involve public consultation and public disclosure. Free and Prior Informed Consent (FPIC) will be applied for all activities involving customary people. The implementation of the ESMP will be overseen by the Project Gender-Safeguards Officer and monitored throughout the duration of the project.

The project will adhere to UNDP SES Guidance Note Standard 6 on Indigenous Peoples. The SESP has identified potential impacts to the rights, lands, territories and traditional livelihoods of indigenous peoples. The ESIA will identify the presence of these peoples for each of the specific sites, and further establish the nature of the risk(s), including any gender-related issues specific to indigenous groups. An appropriate plan will be developed if the potential for such impacts is confirmed. Where required under Standard 6 of the SES, this will include a plan for culturally appropriate consultation with the objective of achieving agreement and Free Prior and Informed Consent (FPIC). Activities that may adversely affect the existence, value, use or enjoyment of customary/traditional lands, resources or territories will be avoided where possible. Where FPIC is determined to be a requirement, consultations will be carried out with the objective of achieving initial consent from the specific rights-holders, as appropriate and in line with Standard 6 requirements. Culturally appropriate consultation will be carried out with the objective of achieving agreement and FPIC will be ensured on any matters that may affect the rights and interests, lands, resources, territories (whether titled or untitled to the people in question) and traditional livelihoods of customary people.

As outlined in the climate and disaster risk screening (see *Annex 12* to the Project Document), hazard levels associated with flooding, water scarcity, extreme weather conditions are high in some of the project jurisdictions and potential short-term incidents and long-term consequences would affect local

beneficiaries. The analyses carried out in Annex 12 suggest that climate change will have strongly differentiated impacts among the target crops, with the viability of cocoa and coffee being particularly severely affected. In order to take this into account, the production and landscape management strategies promoted by the project will not hinge exclusively on these crops as vehicles for delivering sustainable agriculture, landscape management and environmental benefits: instead, the project will support farmers in implementing diverse and therefore resilient farming systems featuring a range of cash and subsistence crops, and in adapting the make-up and management of these on a continuous basis in response to evolving climatic conditions. The preliminary crop-commodity suitability analyses presented in this screening report will be further elaborated as part of the integrated landscape management (ILM) planning processes in the project jurisdictions. Future projected changes with respect to climate risks will be incorporated into the set of management measures included in the ILM plans. Moreover, increased protection of high conservation value (HCV) and high carbon stock (HCS) will help safeguard important ecosystem services, such as soil and water conservation, thus securing livelihoods for local farmers. Proposed project activities also include delivering technical assistance for on-farm improvements and facilitating conservation and restoration of degraded lands and forest areas. Apart from crop-commodity plantations, there are other associated physical assets to consider, such as farm structures and equipment, storage and processing structures and equipment, etc. The management plans developed for these activities will include considerations on climate-proofing physical assets and implementing good agricultural practices to protect against climate and disaster hazards, e.g., constructing vegetative strips to help minimize erosion.

The full-time technical positions on the project, including the Chief Technical Advisor, Subnational Coordinator-ILM Specialist, and Farming Systems-Livelihoods-NRM Specialist will provide oversight and ensure appropriate safeguards are implemented that account for current and future-projected climate and disaster hazards.

Per the ESMF, a project-level Grievance Redress Mechanism (GRM) will be established during the first year of project implementation and detailed within the ESMP.

Social and Environmental Risks (extracted from Project Document Annex 6: UNDP Risk Register)

Description	Comments, Risk Rating	Risk Treatment / Management Measures

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 1: Improved enforcement of landscape protections and new approaches to land management could result in changes to current access to resources, potentially leading to economic displacement.	The project will focus on increasing enforcement and protection of priority/essential ecosystems outside the existing conservation areas, through which the management of approx. 1.47 million hectares will be improved for protection and/or limited cultivation. Spatial planning & zoning of land can further restrict access and use of certain lands from collection of fuel wood, hunting, gardening, or introduce restrictions to the use of customary land as per agreed zoning areas. This could have a detrimental effect on livelihoods. **HIGH**	As the project is High risk with potential downstream and upstream impacts, an ESIA is required for field-level activities and a SESA is required for the policy-level activities. An ESMF has been prepared during the PPG. The ESIA will inform the development of the required ESMP, and the SESA will be the means through which that particular outcome is delivered (with a policy-level ESMF as the output during implementation, as needed). The risk will be managed through the ESIA/ESMP, SESA and stakeholder consultation arrangements, ensuring that livelihoods are not adversely impacted by the project. The impact assessments will identify any economic displacement, and strategies will be included to avoid, minimize or manage any such impacts. Where necessary, a Livelihood Action Plan will be produced to ensure that any such impacts are appropriately managed. This SESP will be revised based on further assessments and on information/details gathered during project implementation. Revisions to the SESP will inform the ESIA and ESMP over the course of the project.
Risk 2: Improved enforcement of landscape protections and new approaches to land management could result in changes to current access to resources, potentially leading to temporary or permanent and partial or full physical displacement.	To preserve the integrity of the protection and conservation forests as well as buffer zones, prohibition on cultivating these areas may have to be enforced. **MODERATE**	A fundamental principle of the project is there will not be any physical displacement. The SESA and ESIA will establish whether or not this risk is present, and any communities or households that might be affected by prohibiting or restricting cultivation in certain areas. Where possible, field-level plans will be amended to ?design out? such an impact. Involuntary physical displacement will be prohibited in the development of the ILM plans for the project landscapes.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 3: Changes to land tenure arrangements may result in loss of informal or customary land tenure rights, exposing people without registered legal entitlement to the land they farm to economic displacement, or exclude them from project benefits.	The project has the potential to affect land tenure arrangements and/or community-based property rights or customary rights to land, territories and/or resources. This could be via formalizing individual land tenure in APL or formalizing social forestry agreements. Although this has potential to benefit some, it could also have adverse impacts on marginalized or unempowered people such as forest users and landgrabbers, potentially leading to changes of land use and/or economic or physical displacement. Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2. Although the exact numbers of informal or unregistered land users are not known, this may affect significant numbers of people, (the risk rating is a worst-case scenario). The risk may apply particularly to marginalized /vulnerable groups. **HIGH**	The SESA and ESIA will include detailed assessment of extent and importance of informal land tenure arrangements and will include measures to ensure that land titling will not adversely impact communities in the target landscapes, while respecting the existing laws and regulations. The ESIA will establish the extent of this risk and the degree to which it may threaten the achievement of results, on a per-landscape basis. It will also make recommendations to maximize the beneficial impacts of the project across all communities and, with full considerations towards Indonesia?s laws and regulations, ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 4: Low participation rates among smallholders who may be unwilling or unable to engage.	Insufficient numbers of farmers/smallholders may take up incentive schemes, due to poor access, lack of information, perceived insufficient compensation, bureaucratic delay, wariness of officialdom, additional labour requirements or different priorities, and a historic legacy from disappointing experiences with previous land use schemes. These may be exacerbated by COVID-19 or a similar crisis. **MODERATE**	The ESIA and associated stakeholder consultation conducted as part of the ESIA, will establish any reservations about taking part, and the reasons for reluctance to do so among all types of commodity farmers, regardless of their tenure arrangements, including in the informal sector. The results of the ESIA will inform further iterative project design, including the development of key performance indicators (KPIs) specific to vulnerable/marginalized groups.
Risk 5: Vulnerable or marginalized groups, or other stakeholders might not be fully involved in project design and therefore not engaged in, supportive of, or benefit from project activities.	Marginalized/vulnerable farmers, or sharecroppers who do not own their land, could potentially be excluded from discussions on its management, improvements and some potential benefits. This may include smallholders, sharecroppers, tenants, landless, women, ethnic minorities, disabled, and others. Fears over exposure to Covid-19 may discourage vulnerable stakeholders from taking part in meetings. (See also Risk 22) **MODERATE**	A Stakeholder analysis and Stakeholder Engagement Plan have been developed, and continuing stakeholder consultation arrangements through the project will be structured specifically to include poor and marginalized groups. Stakeholder consultation will be central to the methodology of the ESIA which will, in all its aspects, pay particular attention to the needs of the poorest sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 6: The project may have adverse impacts on the rights, lands, resources and territories of Indigenous Peoples (known as ?customary people?). Customary People might not be fully involved in project design and therefore not engaged in, supportive of, or benefit fully from project activities. There may be a heightened risk of vulnerability of indigenous communities due to a prolonged or recurrent outbreak of the COVID-19 pandemic or similar crisis.	Initial consultations have taken place regarding the project concept. As specific locations have not currently been identified, grassroots-level FPIC consultations with affected communities and land users have not begun. **HIGH**	The SESA and ESIA will assess whether Customary People will be impacted by the project, as locations are defined. Where they are found to be project-affected, FPIC consultations will be carried out with the objective of achieving initial consent from the specific rights-holders, in line with Standard 6 requirements. A Customary Peoples? Plan will be developed. Further FPIC consultations will be ongoing and followed during project implementation, following the measures summarized in the ESMF and in the Customary People?s Plan that will be prepared as part of the subsequent ESMP as required by ESIA/SESA assessment reports.
Risk 7: Local governments (sub-national level) and community associations might not have the capacity to implement project activities successfully.	Currently there is weak implementation of national policies at provincial and district levels, resulting in inadequate forest governance and weak enforcement of regulations at the local level. Community-level farmer organizations are of varying strength and may lack capacity to influence project design. A lack of incentives for the local governments, smallholder farmers, traders, buyers and exporters to focus on conservation and restoration results in unsustainable practice in commodity supply chains at the jurisdictional level. **HIGH**	The SESA will include an overview of subnational government and community association capacities for successful project implementation at all levels and make recommendations in accordance with its findings, in the form of a capacity development plan, prepared to properly identify target groups and their specific capacity development needs. These will include the levels of support to be provided by the project, and potentially civil society and/or academic institutions. The report will inform the further development of the ESMP. Measures to strengthening farmer organizations are included as Output 3.1.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 8: Field- and policy-level activities related to the value chains of key commodities could inadvertently support child labour, forced labour, and other violations of international labour standards.	The project will promote the establishment of farmer support and integrated value chain traceability systems for palm oil, cocoa, rice and coffee in the selected jurisdictions, including support to capacity development and sustainability certification for smallholder producers. The project therefore has clear potential to produce a net benefit in improving labour standards compliance through promotion of third-party certification standards. Due diligence safeguard procedures have been conducted for prospective private sector partners, but in view of the general poor adherence to international labour standards in the agricultural sector (including child labour), and the number of smallholders who may be using occasional or semi-permanent casual labour, this may be difficult to monitor and enforce at the field level. Labour shortages during the COVID-19 pandemic may increase the risk of child labour, forced labour, and other illegal labour practices, with the potential for reputational damage to UNDP and FAO. **HIGH**	The SESA and ESIA will include a review of labour standards in the target districts where interventions related to smallholders will take place, and propose safeguards including monitoring arrangements which will be integrated into the ESMP. The SESA will also include study of how sustainable intensification might affect labour requirements, potentially increasing pressures to employ children or prisoners, or use their labour on smallholdings.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 9: Project activities and approaches might not fully incorporate or reflect views of women and girls and ensure equitable opportunities for their involvement and benefit. There is a risk that a prolonged or recurrent COVID-19 pandemic could exacerbate gender inequality and possibly also increase gender-based violence.	The lack of specific inclusion of women within community activities that have the potential to help generate income, such as spatial planning at the subnational level, or commercial plantations, subsistence farming or market gardening, may ultimately impact women and girls disproportionately to the rest of the community. Lack of a proactive approach towards a participatory gender inclusive stakeholder engagement process within land use and development planning activities, Oil Palm / Cocoa / Coffee / Rice Policies and Environmental Management and Governance activities may result in the limited incorporation of a gender perspective. This can adversely affect the successful planning and implementation of project activities and have a more disproportionate impact on women who generally perform core labour in activities such as gardening, domestic work, and marketing of surplus produce. Women may be denied additional monetary benefits from increased commodity yields. **MODERATE**	During the PPG, this risk was assessed in the gender analysis and managed through the Gender Action Plan, which will be integrated into overall project management systems. The gender analysis and gender action plan will be regularly reviewed and updated to account for gender differentiated impacts, e.g., regarding the impacts and response to the COVID-19 pandemic. The project will use the services of a gender specialist and will conduct participatory explorations of how best to increase project benefits for women.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 10: Existing conflicts related to land use and/or ownership could be exacerbated or reignited by project.	A degree of distrust of arrangements with large-scale commodity producers exists as a legacy of past agreements whereby communities have lost a degree of control over land use. This has been identified as an issue in Sanggau, as well as in North Sumatra. Conflict between adjacent landowning groups which did not previously exist might be ignited if activities on demarcation of land boundaries/spatial planning/zoning is introduced. Conflicts could result between local communities on which land to allocate for community forestry, areas designated for tree planting etc. as part of environmental planting activities. Land titling may ?rock the boat? by formalizing tenure in the hands of specific individuals/groups whereas previously there may have been informal, tacit agreements on use and extraction by multiple parties. **MODERATE**	Comprehensive stakeholder engagement will be conducted at all stages of the project, and the ESIA will assess the likelihood and significance of this issue. The project will fully consider community views which will inform project outputs for each landscape. No communities will be compelled to take part.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 11: A failure of the project to benefit vulnerable groups, due to ?Elite Capture? of project benefits. The Project could have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups.	Powerful community leaders, landowners and commercial interests may dominate the process of land use development at the local level, due to customary power structures, which may further isolate marginalized/ vulnerable groups from the decision-making processes, excluding their inputs from consideration. **HIGH**	Stakeholder consultation arrangements will be structured specifically to include poor and marginalized groups. The ESIA and SESA will, in all its aspects, pay particular attention to the needs of the poorest sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups. The baseline ESIA will include poverty indicators, which will inform the development of the ESMP and future, ongoing monitoring of results. The project promotes diversified farming/livelihood systems, agroecology and nature-based solutions.
Risk 12: Informal farmers, or those without registered legal entitlement to the land they farm, may be excluded from project benefits.	Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2. The exact numbers of affected people are not known (the risk rating is a worst-case scenario). This may apply particularly to marginalized /vulnerable groups. **HIGH**	The ESIA will establish the extent of this risk, and the degree to which it may threaten the achievement of results, on a per-landscape basis. It will also make recommendations to maximize the impacts of the project across all communities, to ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 13: Lack of access to information.	Insufficient public information regarding the project and affected people?s rights could result in their views not being taken fully into account. In particular, this might exclude some stakeholders from fully participating in decisions effective stakeholder engagement, including stakeholder feedback mechanisms is integrated into the management framework, and comprehensive engagement has been carried out during PPG. Such exclusion if it occurred ?under the radar? would be reversible with additional stakeholder consultation. **LOW**	
Risk 14: Potential release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts. Excessive use of fertilizers as part of oil palm, cocoa, coffee, and rice development could lead to contamination of rivers and water sources for drinking and impact on soil degradation and the overall degradation of the natural habitat in that specific area.	Intensification of commodity agriculture and processing can lead to increased amounts of wastes, fertilizers and/or pesticides released into the environment. **MODERATE**	The project includes appropriate safeguards, including training and monitoring. The ESIA will include further assessment of this risk.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 15: Poorly designed or executed project activities could damage critical or sensitive habitats, including through the introduction of invasive alien species during forest restoration-rehabilitation activities.	The project aims to restore-rehabilitate 20,000 ha of degraded ecosystems outside protected/conservation areas involving government, private sector and local communities. There are risks of introducing IAS if the restoration-rehabilitation plans are not properly formulated. **MODERATE**	Under Output 6.1, restoration-rehabilitation will be carried out in accordance with management plans developed using participatory planning processes and informed by the ESIA. No IASs will be used. This risk has been managed through the design of the project and will be further examined in the course of the ESIA and included in the ESMP as determined necessary.
Risk 16: Activities funded under low value grants, may be carried out without full adherence to UDNP SES.	As part of the participatory conservation and restoration-rehabilitation activities, the project plans on disbursing low-value grants to support and/or accelerate interventions on agroforestry, sustainable use of non-timber forest products (NTFPs), integrating fast-grown timber species on farm, community-based forest management, etc. Under Component 2, the project also plans on disbursing low-value grants for on-farm improvements, such as implementing good agricultural practices, and enabling activities associated with the Open Innovation Challenge addressing sustainability issues in the project landscapes. The impact rating of ?Moderate? represents a theoretical worst-possible scenario, where all such activities are conducted with a 100% failure to adhere to the SES. The potential impact is assessed as Moderate due to the low value of the grants envisaged, and the limited scope of each individual grant. **MODERATE**	Low-value grants, conceived purely as a delivery mechanism under the NIM modality, will be carried out in partnership with expert organizations, e.g. conservation agencies, protected area management administrations, NGOs, and/or local governments. One of the conditions of the grant agreements is adherence to the UNDP social and environmental standards (SES), and all on-the-ground activities will be subject to screening for potential non-compliance, in accordance with the ESMP. Procedures for ensuring adherence to social and environmental standards will be based on UNDP?s operational guide for LVGs.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 17: Project activities and outcomes will be vulnerable to the potential impacts of climate change. A potential economic downturn as a result of a prolonged or recurrent COVID-19 pandemic (or similar) may increase the vulnerability and coping capacities of local communities.	Climate change is contributing to the expansion of coffee into higher altitudes, threatening conservation forests, resulting in an increase in pests and diseases and a consequential increase in the use of chemical inputs. Both coffee and cacao may become unviable, while rice production is also likely to be affected. Although oil palm may be relatively resilient, climate change is highly likely to impact a cash-crop focused model of development. **HIGH**	Further studies will be included in the SESA and ESIA, which will establish appropriate risk management strategies with the inclusion of climate change scenarios in ILM strategies, and the need for diversified farming and livelihood systems, agroecology, and nature-based solutions. The project includes capacity building on resilient production, livelihood diversification and improved landscape management approaches.
Risk 18: Workers in commodity supply chains (including smallholder producers) might be exposed to hazards in their use of chemical inputs (pesticides, fertilizers etc.) without adequate PPE, training, and safeguards, or which might be subject to international bans.	Misuse of agricultural chemicals is reportedly widespread in Indonesia, where pesticides, fungicide, herbicides, including organophosphates, PCBs and other Persistent Organic Pollutants are widely used to boost production. Farmers and workers are often ill-informed about the dangers of agricultural chemicals and correct safety procedures. **MODERATE**	The project is designed to equip the target smallholders with training on application of Good Agricultural Practices (GAP) on farm. Farmers will be trained to appropriately gear themselves against exposure of hazardous materials. Additionally, GAP will prescribe appropriate types and doses, and means of application of chemical inputs that are not internationally banned or prohibited under Indonesian law. The ESIA will include assessment of the risk that the project will lead to an increase of exposure to hazards, and appropriate safeguard procedures will be employed.

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 19: A failure to establish the correct balance between improving per hectare commodity production with improved enforcement of land use regulations might in certain locations produce a counter-productive result	There is a possibility that increasing the per ha profit from commodity production might lead to an increased incentive to expand production into protected areas, particularly where enforcement of land use regulations is lax. **MODERATE**	The issue will be further studied during the SESA. SESA findings will feed into the development of a policy assessment tool (Output 1.4), and Output 6.3 is designed to strengthen collaborative governance mechanisms in support of effective conservation and restoration. Sustainable intensification of commodity production is accompanied by improved governance/enforcement and market-based incentives, balancing the ?carrot and stick? of project interventions, improving enforcement of land use restrictions with a focus on HCV or HCS land, and improving resources and systems.
Risk 20: Risk imposed by COVID-19 pandemic or similar disease outbreak, having implications at international, national and sub-national levels.	The project preparation phase coincided with the outbreak of the COVID-19 pandemic. Project implementation activities could be suspended or delayed in case of continuation or recurrence of the COVID-19 pandemic or similar. A pandemic may also disrupt food supply chains, resulting in potential implications for food security if local food production is reduced as a result of increased emphasis on commodity production. **HIGH**	The environmental and social impact assessment (ESIA) will include an evaluation of the vulnerability of project stakeholders to such crises, and management measures will be integrated into the environmental and social management plan (ESMP). Each contract, MOU or other agreement with execution partners will include a contingency plan for adjusting to possible suspension or delays as a result of a public health or similar crisis. Agreements will have a force majeure clause to cover possible delays or shortcomings in delivery based on such unforeseen circumstances. The project approach of sustainable intensification is designed around integrated farm systems, ensuring that commodity production is not achieved at the expense of food crops, and does not negatively impact food security.
Risk 21: Documenting and/or recording and disseminating traditional conservation knowledge might damage communities? sense of custodianship of such activities.	Traditional Knowledge will not be commercialized. **LOW**	

Description	Comments, Risk Rating	Risk Treatment / Management Measures
Risk 22: Local community members involved in project activities may be at a heightened risk of virus exposure, e.g., stakeholder meetings, workshops, community field work, etc..	The landscape approach promoted on the project is predicated on participatory processes, including multi-stakeholder meetings, community field work, learning exchanges, seminars, etc. **MODERATE**	The ESIA will address COVID-19 related risks, and specific mitigation measures will be integrated into the ESMP. Adaptive management measures will be implemented to reduce the risk of virus exposure during a prolonged or recurrent COVID-19 pandemic, or similar crisis. For example, virtual meetings will be held where feasible. Health hazard assessments will be required for activities involving gatherings of multiple people, and mitigation measures will be implemented accordingly, e.g., ensuring physical distancing, providing personal protective equipment, avoiding non-essential travel, delivering training on risks and recognition of symptoms, etc

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Institutional arrangement

Roles and responsibilities of the project?s governance mechanism:

The project will be implemented following UNDP?s National Implementation modality. Management of the funds allocated by GEF to FAO in relation to the implementation shall be managed by FAO in accordance with the terms and conditions set out in the grant agreement signed by FAO and the Government of Indonesia.

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Implementing Partner: The Implementing Partner for this project is the **Coordinating Ministry for Economic Affairs (CMEA)**.

The Implementing Partner is the entity to which the UNDP and FAO Administrators have entrusted the implementation of UNDP and FAO assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of UNDP and FAO resources and the delivery of outputs, as set forth in this document.

The Implementing Partner is responsible for executing this project. Specific tasks include:

? Project planning, coordination, management, monitoring, evaluation, and reporting. This includes providing all required information and data necessary for timely, comprehensive, and evidence-based project reporting, including results and financial data, as necessary. The Implementing Partner will strive to ensure project-level M&E is undertaken by national institutes and is aligned with national systems so that the data used and generated by the project supports national systems.

? Risk management as outlined in this Project Document.

? Procurement of goods and services, including human resources.

? Financial management, including overseeing financial expenditures against project budgets.

? Approving and signing the multiyear workplan.

? Approving and signing the combined delivery report at the end of the year.

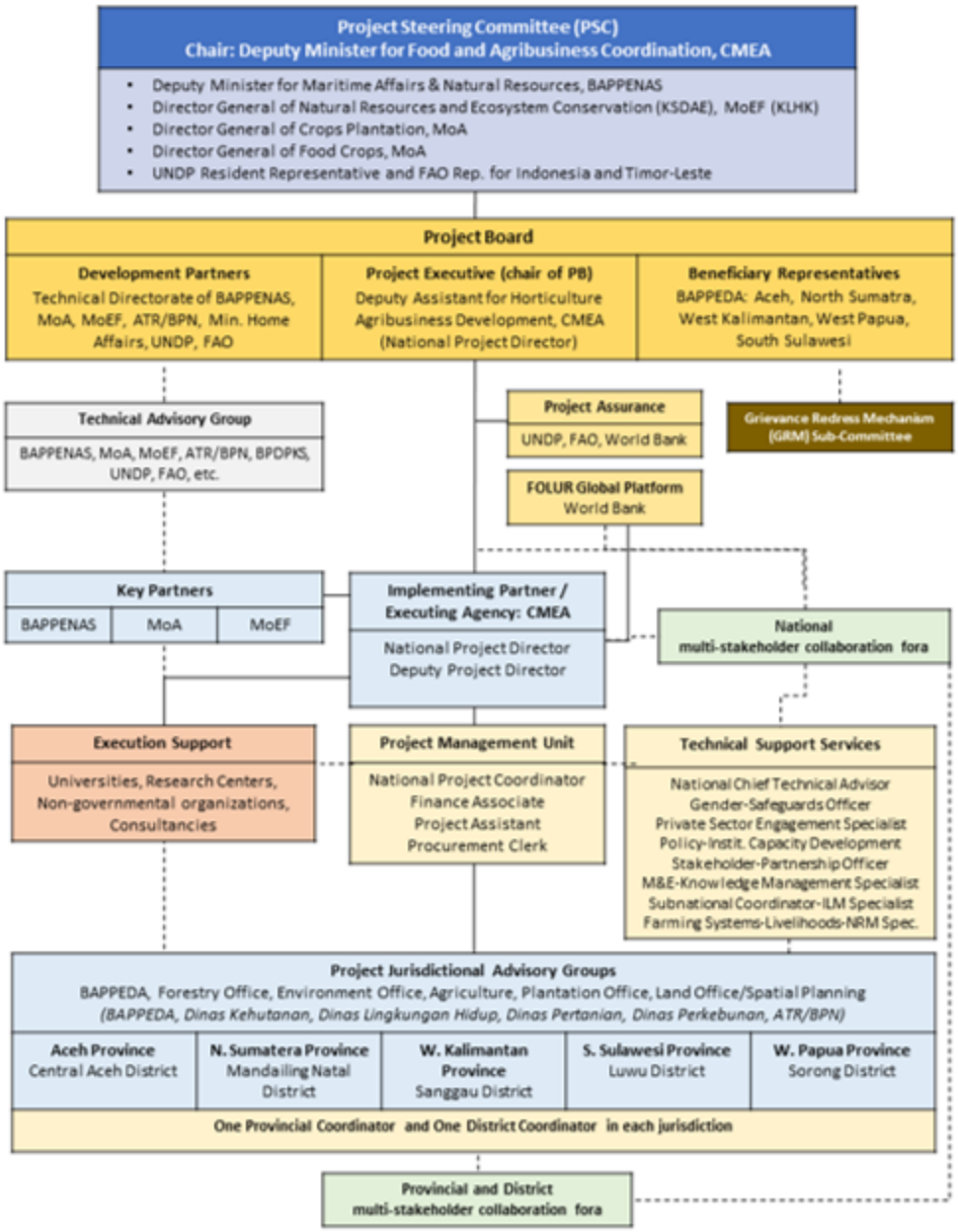
? Signing the financial report or the funding authorization and certificate of expenditures.

Key Partners: BAPPENAS, the Ministry of Agriculture (MoA), and the Ministry of Environment and Forestry (MoEF) are key partners on the project providing coordination and strategic direction, e.g., chairing multi-stakeholder dialogues at the central government level, delivering inputs to policy frameworks, ensuring sustainable action plans are aligned with sectoral plans and strategies, providing technical assistance, facilitating authorisations, and linking institutional resources with project activities. These partners are likely to be responsible parties, implementing some of the project outputs, to be confirmed at project inception.

Project stakeholders and target groups: The project will work with existing multi-stakeholder partnership mechanisms and establish new partnerships where necessary to ensure project target groups are involved in the design, implementation, and monitoring & evaluation of the activities in their communities. Local government units having jurisdiction over the project landscapes will designate project-level focal points. The focal points will be seconded through part-time arrangements and funded through government cofinancing contributions, providing support for project activities at the local levels.

UNDP and FAO: As the GEF Agencies, UNDP (lead agency) and FAO are accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP and FAO are responsible for delivering GEF project cycle management services comprising project approval and start-up, project supervision and oversight, and project completion and evaluation. UNDP and FAO are also responsible for the Project Assurance role of the Project Board.

Project organisation structure:



Project Document Figure 41: Project organisational structure

Project Board: The Project Board is responsible for taking corrective action as needed to ensure the project achieves the desired results. In order to ensure UNDP?s and FAO?s ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

In case consensus cannot be reached within the Board, the UNDP Resident Representative (or their designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

Specific responsibilities of the Project Board include:

? Provide overall guidance and direction to the project, ensuring it remains within any specified constraints.

? Address project issues as raised by the National Project Manager.

? Provide guidance on new project risks and agree on possible mitigation and management actions to address specific risks.

? Agree on National Project Manager?s tolerances as required, within the parameters set by UNDP-GEF, and provide direction and advice for exceptional situations when the National Project Manager?s tolerances are exceeded.

? Advise on major and minor amendments to the project within the parameters set by UNDP-GEF.

? Ensure coordination between various donor and government-funded projects and programmes.

? Ensure coordination with various government agencies and their participation in project activities.

? Track and monitor co-financing for this project.

? Review the project progress, assess performance, and appraise the Annual Work Plan for the following year.

? Appraise the annual project implementation report, including the quality assessment rating report.

? Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.

? Review combined delivery reports prior to certification by the implementing partner.

? Provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.

? Address project-level grievances.

? Approve the project Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses.

? Review the final project report package during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.

? Ensure highest levels of transparency and take all measures to avoid any real or perceived conflicts of interest.

The composition of the Project Board must include the following roles:

a. Project Executive: Is an individual who represents ownership of the project and chairs the Project Board. The Project Executive, the National Project Director, is the Deputy Assistant for Horticulture Agribusiness Development, CMEA. The National Project Director and the Deputy Project Director, the Deputy Assistant for Food and Agribusiness Facilities and Infrastructure, CMEA, will be co-financed seconded positions.

b. Beneficiary Representatives: Individuals or groups representing the interests of those who will ultimately benefit from the project. Their primary function within the board is to ensure the realization of project results from the perspective of project beneficiaries. The Beneficiary representatives are heads of the Provincial Development Planning Agencies (BAPPEDA) in the five project jurisdictions (Aceh Province, North Sumatera Province, West Kalimantan Province, South Sulawesi Province and West Papua Province).

c. Development Partners: Individuals or groups representing the interests of the parties concerned that provide funding and/or technical expertise to the project. The Development Partners are:

a. UNDP, Deputy Resident Representative (DRR)

b. FAO, Assistant FAO Representative (Programme).

c. Ministry of National Development Planning (BAPPENAS)

d. Ministry of Agriculture (MoA)

e. Ministry of Environment and Forestry (MoEF)

f. Ministry of Agrarian Affairs and Spatial Planning (ATR/BPN)

g. Ministry of Home Affairs

d. Project Assurance: UNDP and FAO perform the quality assurance role and supports the Project Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed and conflict of interest issues are monitored and addressed. The Project Board cannot delegate any of its quality assurance responsibilities to the National Project Manager. UNDP and FAO provide a three ? tier oversight services involving the UNDP and FAO Country Offices and UNDP at regional and headquarters levels. Project assurance is totally independent of project execution.

e. Project Steering Committee: A Project Steering Committee (PSC) will be established to provide a supervisory function over the Project Board. Chaired by the Deputy Minister for Food and Agribusiness Coordination of CMEA, the PSC will include Echelon 1 officials, including the Deputy Minister for Maritime Affairs & Natural Resources of BAPPENAS, the Director General of Natural Resources and Ecosystem Conservation of the MoEF, the Director General of Crops Plantation of MoA, and the Direct General of Food Crops of MoA. The UNDP Resident Representative and the FAO Representative for Indonesia and Timor-Leste will also be members of the PSC.

Project extensions: The UNDP Resident Representative and the UNDP-GEF Executive Coordinator must approve all project extension requests. Note that all extensions incur costs and the GEF project budget cannot be increased. A single extension may be granted on an exceptional basis and only if the following conditions are met: one extension only for a project for a maximum of six months; the project management costs during the extension period must remain within the originally approved amount, and any increase in PMC costs will be covered by non-GEF resources; the UNDP Country Office oversight costs in excess of the CO?s Agency fee specified in the DOA during the extension period must be covered by non-GEF resources.

GRM Sub-Committee: The Project Board will serve as the secretariat for the project-level grievance redress mechanism (GRM). A GRM Sub-Committee will be established and convened on an *ad hoc* basis, to attempt to resolve the grievance, request further information to clarify the issue, refer the grievance to independent mediation or determine the request is outside the scope and mandate of the Project Board and refer it elsewhere (e.g., the judicial system). The GRM Sub-Committee is described in the terms of reference for the GRM that is included in *Annex 10* to the Project Document (*Environmental and social management framework*).

Technical Advisory Group: A Technical Advisory Group will provide advisory support to the Project Board through delivering technical inputs to the project on an ad hoc basis. The Technical Advisor Committee will be chaired by the National Project Director, with support from the National Project

Manager and Chief Technical Advisor and will include Echelon 3 officials from key line ministries and agencies, academic/research institutions, private sector associations, and civil society.

Project Management Unit: Project management services will be delivered by the Project Management Unit, staffed as follows:

? National Project Manager

? Financed Associate

? Project Assistant

? Procurement Clerk

National Project Manager: The National Project Manager has the authority to run the project on a day-to-day basis on behalf of the Implementing Partner within the constraints laid down by the Project Board. The Project Assistant and Finance-Procurement Officer positions will be funded through governmental cofinancing Specific duties and responsibilities of the National Project Manager, Finance Associate, Project Assistants and Procurement Clerk positions are outlined in *Annex 7* to the Project Document (*Overview of technical consultancies/subcontracts*).

Technical Support: The following full-time positions will provide technical support to the Project Management Unit:

? National Chief Technical Advisor

? Gender-Safeguards Officer

? Private Sector Engagement Specialist

? Policy-Institutional Capacity Development Specialist

? Stakeholder-Partnership Officer

? M&E-Knowledge Management Specialist

? Subnational Coordinator-ILM Specialist

? Farming Systems-Livelihoods Specialist

Execution Support: Per the request from the Implementing Partner / Executing Agency (Coordinating Ministry for Economic Affairs), apart from project assurance, UNDP and FAO will be separately providing limited project execution support services in accordance with respective Agency?s rules and regulations, as described in the letter from CMEA to the GEF OFP in Indonesia (*Annex 22a* to the Project Document), the letter from the OFP to the GEF Secretariat (*Annex 22b* to the Project Document), and the signed Letter of Agreement (LOA) between the UNDP/FAO and CMEA requesting UNDP/FAO support services (*Annex 22c* to the Project Document). For execution support rendered by UNDP and FAO, a strict firewall will be maintained between the delivery of project oversight and execution. For example, positions recruited under the UNDP or the FAO procurement systems will be embedded with the project management unit.

UNDP and FAO will provide limited execution support services in the first year of project implementation for a selected procurement of services. The limited execution support services will include - setting up PMU team by recruiting project staff, hiring international and local consultants, contracting third parties that will deliver 1st year targets, facilitating project inception meeting, procuring IT equipment for the PMU as well as travel and meeting/workshops arrangement in year 1. The contracts for PMU staff and technical positions will be with UNDP and FAO for the first year of implementation and then transition to IP from the 2nd year onwards. The Implementing Partner (EA) will be fully involved in the procurement of above-mentioned services which will be reflected in the signed Annual Work Plan by the National Project Director and UNDP Deputy Resident Representative for UNDP managed fund. The request for every execution service will be accompanied by a letter from the Implementing Partner. Further, the payment to vendor will also be made upon approval/satisfactory confirmation from the Implementing Partner. The Implementing Partner and key partners will start to manage the project budget following UNDP Direct Cash Transfer (DCT) mechanism and comply with the Government of Indonesia?s policies and regulations on foreign grant management. Similar mechanism will also be applied for FAO?s administered fund with reference to the separate grant agreement that will be signed by FAO and the Implementing Partner, and/or relevant key partners.

In order to initiate project implementation after signing of the ProDoc, UNDP and FAO will facilitate recruitment of PMU staff, including technical support positions, with full ownership of the EA. The contracts for these positions will be with UNDP and FAO for the first year of implementation and then transition to CMEA for the remaining duration of project implementation (Y2-6). PMU staff, including the technical support positions, will be under direction supervision of the National Project Director at the CMEA (Executing Agency) from the start. The terms of reference and deliverables for these positions will be based on the requirements of the CMEA, and payment terms upon certification by CMEA. In other words, the CMEA will have full authority over the PMU staff and technical support team. These conditions apply in the first year of implementation as well, when the contracts will be with UNDP and FAO. Moreover, the PMU staff will operate from CMEA?s office.

In accordance with GEF policy on Minimum Fiduciary Standards, UNDP will ensure that appropriate institutional separation will be in place between staff members engaged to provide execution support services and those staff members fulfilling and implementation (oversight) role. For this purpose, the management of contract of project staff and procurement of specialised services will be exclusively handled by ? Human Resources Unit, Procurement Unit, Finance & Resource Management Unit under the overall supervision of Operations Manager. Implementation (Oversight) will be ensured by the Environment Unit, and Quality Assurance and Results Unit under the overall supervision of a Deputy Resident Representative. No staff member involved in execution will perform an oversight role in relation to this project. A second-tier oversight will be ensured through the Regional Bureau (to ensure compliance with UNDP policies and procedures) and through the UNDP Nature, Climate and Energy Unit - to provide technical oversight and ensure compliance with GEF policies. *Please refer to the UNDP audit checklist for additional information*.

Planned coordination with other relevant GEF-financed projects and other initiatives

The project strategy has a strong emphasis on building upon baseline activities implemented by project partners, as well as on establishing new and strengthening existing partnerships to ensure the sustainability of the results achieved. The project will collaborate with and build on the lessons of a range of related initiatives. The project will connect to global level commodity and food supply chain initiatives and networks, primarily through UNDPs Green Commodities Programme, as well as through other means offered by FOLUR global platform. These connections will facilitate the project linking to global buyers interested in sourcing from jurisdictions advancing towards having deforestation free commodity production and also to learn latest best practice and policy of the global markets.

Some of the key related initiatives where partnerships will be fostered are listed below in *Table 25* of the Project Document.

Project Document Table 25: Intersection of related initiatives with project outputs

Other Initiatives	Main Partner(s)	Intersections with project outputs
GEF-7 FOLUR IP Global Platform	CMEA	Outputs 3.3,7.1, 7.3, 7.4, 7.5

Other Initiatives	Main Partner(s)	Intersections with project outputs
GEF-7 FOLUR IP country projects in Malaysia and PNG	CMEA, MoA, MoEF	Outputs 3.2, 3.3, 7.4, 7.5
GEF-6 Good Growth Partnership (GGP)	CMEA, sub-national governments	All outputs
UNDP Green Commodities Programme	CMEA, MoA, MoEF	Outputs 1.3, 3.2, 3.3, 7.4, 7.5
UNDP-GEF CONSERVE Project (GEF-7)	MoEF	Outputs 2.1, 2.2, 2.3, 2.4, 2.5
UNDP-GEF KalFOR project	MoEF	Outputs 2.1, 2.2, 2.3, 2.4, 2.5, 6.1, 6.2, 6.3
GCF Results based payments (RBP) project	MoF, MoEF, UNDP	Outputs 1.1, 2.1, 3.2, 7.4, 7.5
German technical cooperation projects	MoEF, MoA	Outputs 1.1, 1.2, 1.3, 2.1, 4.1, 5.1, 5.2, 5.3, 7.4
Cocoa Life Programme	Mondelez	Outputs 1.2, 1.3, 2.1, 2.3, 3.1, 3.2, 3.3, 4.1, 4.2, 5.1, 5.2, 5.3, 7.5
Unilever Sustainable Living Plan	Unilever	Outputs 1.2, 1.3, 2.1, 2.3, 3.1, 3.2, 3.3, 4.1, 4.2, 5.1, 5.2, 5.3, 7.5
Olam sustainable sourcing investments	Olam	Outputs 1.2, 1.3, 2.1, 2.3, 3.1, 3.2, 3.3, 4.1, 4.2, 5.1, 5.2, 5.3, 7.5

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assesments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

The project is aligned with the following national policies.

? Medium Term Development Plan, 2020-2024 (RPJMN 2020-2024). The GoI significantly emphasises mainstreaming the landscape-based sustainable development planning. For instance, the plan includes, among others, a target of 1.93 million ha avoided forest loss between 2020-2024, restoration of 330,000 ha of degraded areas including 30,000 ha of degraded peatlands. The plan also mentions strengthening smallholders? capacity to implement GAP and obtain ISPO and RSPO certification.

? Indonesia Biodiversity Strategy and Action Plan (IBSAP) under UNCBD, 2015-2020. In particular, i) the national targets to reduce non-climatic pressure on tropical forests, including land and forest clearing, ii) corridor development for endangered species through restoration, rehabilitation and reconstruction of key ecosystems, and iii) afforestation.

? Nationally Determined Contributions (NDC) under UNFCCC, 2016. The NDC describes the country?s plans to reduce GHG emissions from BAU by 29% unconditionally and 41% with international aid, by 2030.

? Land Degradation Neutrality (LDN) Country Report, 2015. In particular, the peat restoration target of 2.67 million ha across 7 provinces: Riau, Jambi, South Sumatera, West Kalimantan, Central Kalimantan, South Kalimantan, and Papua.

? Agrarian Reform Programme (TORA). This programme aims to promote equal access to land by local communities covering at least 12.5 million ha of lands.

? Social Forestry schemes. Launched in 2014, the schemes are enabling forest-dependent communities access to manage 12.7 million ha of state forest area through social forestry modalities. The underlying objective of the programme is to improve the livelihoods of local communities through incentivising sustainable practices.

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

Knowledge management is a cross-cutting aspect across each of the project components, and resources are allocated under Output 7.4 for development and implementation of a knowledge management strategy and action plan, facilitating replication of best practices. The knowledge management approach is focused on: (1) facilitating effective stakeholder engagement; (2) delivering timely and targeted information to end-

users in forms that are accessible, lead to on the ground responses, and are culturally appropriate; (3) providing direct lines for feedback to agencies, industry, NGOs and community-based groups; (4) monitoring and evaluating the knowledge management and communications activities, such that their efficiency and effectiveness can be increased over time; (5) establishing arrangements relating to data custodianship and other legacy issues, ensuring that project outputs are widely accessible after GEF funding ceases; and (6) increasing awareness and participation in sustainable and resilient production and farming systems and participatory conservation and restoration of high value forest resources.

As one of FOLUR?s 27 child/country projects, the FOLUR country project in Indonesia will link to **the FOLUR Global Platform**, led by the World Bank. The Global Platform and its partners will support individual country project with knowledge, technical assistance, and capacity building in promoting sustainable value chains. This platform is organized into 3 pillars:

A. Program Capacity Strengthening: focusing on providing technical assistance and innovative approaches for country projects to effectively implement the project.

B. Policy and Value Chain Engagement: focusing on engagements with private and public sector actors to achieve sustainable value chains in FOLUR countries.

C. Strategic Knowledge Management and Communications: focusing on knowledge management and exchanges across FOLUR countries and partners.

The Indonesia project will actively participate and contribute to the Global Platform as part of its effort to achieving FOLUR objective in at the country-level. In this case, the project will participate in relevant FOLUR global events, as well as in regional engagements and platforms. The project will also contribute to the development of FOLUR annual progress reports, quarterly monitoring and evaluation as well as lessons learned management and dissemination.

Key knowledge management deliverables include:

a. Knowledge Management and Outreach Strategy and Action Plan.

b. Lessons learned case studies of experiences captured across the FOLUR interventions and landscapes.

c. Knowledge products for public dissemination.

d. Contributions to the FOLUR Global Platform annual reports, knowledge products, technical and policy briefs, etc.

The knowledge management timeline is incorporated into the project strategy. The Knowledge Management and Outreach Strategy and Action Plan will be prepared in the first year of implementation. FOLUR domestic workshops are planned annually, rotated across the five project jurisdictions and at least

one convened in Jakarta. Three regional FOLUR events are planned, tentatively scheduled in Year 1, Year 3, and Year 5. Participation in three global FOLUR are tentatively scheduled in Year 2, Year 4, and Year 6. Knowledge products will be prepared regularly, as well as internet and social media posts.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

The project?s monitoring and evaluation plan is provided in *Section VII Monitoring and Evaluation Plan* of the Project Document and summarized below.

The project inception workshop, to be held within three months of signing of the project document, is a critical milestone on the implementation timeline, providing an opportunity to validate the project document, including the screening of social and environment risks; confirming governance implementation arrangements; assessing changes in relevant circumstances and making adjustments to the project results framework accordingly; verifying stakeholder roles and responsibilities; updating the project risks and agreeing to mitigation measures and responsibilities; and agreeing to the multi-year work plan. An inception workshop report will be prepared and disseminated among the project steering committee members.

The project team will regularly monitor and evaluate achievement of the performance metrics included in the project results framework, and report progress in the annual Project Implementation Review (PIR) reports and other progress reports, enabling timely implementation of adaptive management measures in response to monitoring and evaluation findings.

The project safeguard assessments and management plans will also be regularly reviewed and updated. These include the SESP, Environmental and Social Management Framework (ESMF), Environmental and Social Management Plan (ESMP), Gender Analysis and Gender Action Plan, Stakeholder Engagement Plan, and any other stand-alone management plan that might be developed in accordance with the ESMP, which will be prepared in the first year of the project based on the findings of the Environmental and Social Impact Assessment (ESIA).

Consistent with GEF requirements, two independent evaluations will be carried out of the project, a midterm review and terminal evaluation.

The M&E budget is presented below in *Table 27* of the *Project Document*.

Project document Table 27: Monitoring and evaluation plan and budget

GEF M&E requirements	Indicative costs (USD)	Time frame
Inception Workshop	40,000	Within 60 days of CEO endorsement of this project.

GEF M&E requirements	Indicative costs (USD)	Time frame
Inception Report	None	Within 90 days of CEO endorsement of this project.
M&E of GEF core indicators and project results framework	20,000	Annually and at mid-point and closure.
GEF Project Implementation Report (PIR)	31,550	Annually typically between June-August
Monitoring of ESMP, gender action plan	90,000	On-going.
Supervision missions	None	Annually
Independent Mid-term Review (MTR)	71,000	31 December 2023
Independent Terminal Evaluation (TE)	71,725	28 February 2027
TOTAL indicative COST	**324,275**	

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

The project will generate the socioeconomic benefits a cumulative total of 103,000 direct project beneficiaries, of whom 53,800 are female. Women play a particularly important role in the project landscapes, considering their tasks and responsibilities for food production, management of agricultural systems in rural areas and marketing agricultural products and services. Socioeconomic benefits include:

? Sustainable livelihood benefits generated for smallholder farmers as a result of application of good agricultural practices, insertion into sustainable value chains, and diversified farming systems.

? Increased resilience of local communities through implementation of integrated landscape management.

? Protection of traditional knowledge.

? Increased social capital through expanded association of smallholder farmers, and inclusive participation of local communities in conservation and restoration of local ecosystems.

Monitoring and evaluation socioeconomic benefits are integrated into the project results framework and the associated monitoring plan. The inclusive of sustainable value chains will be measured by assessing the volume of investments leveraged for operationalization of smallholder financing mechanisms. Expanded private sector involvement in strengthening sustainable production and value chains will be evaluated by the area covered and the number of farmers involved in public-private-community partnerships. Enhanced traceability of sustainably produced palm oil, cocoa, coffee, and rice will be monitored by assessing the area under verified traceability systems, with particular emphasis on expanded smallholder participation. Improved capacities of farmers to add value to palm oil, cocoa, coffee, and rice will be measured by the volume of product smallholder farmers in the project districts that are subject to effective quality grading ? broader application of grading systems will also lead to increased income for the local farmers. Increase in capacities for farmer support for sustainable and resilient production and farming systems will be measured by the increase in the number of farmers benefitting from public extension services, private sector technical support schemes, and farmer field schools. Assessment of the number of farmers implementing best management practices will provide an indication of enhanced resilience, income diversification, reduced pressure on forest ecosystems, etc. The extent of participatory governance of priority ecosystems will be measured by the area and numbers of people covered by management plans with incentive mechanisms that are under implementation for inclusive conservation and restoration, e.g., through social forestry schemes. Livelihood diversification through gender-sensitive social forestry interventions will also be measured by the number of individuals involved in sustainable utilization of NTFPs, eco-tourism, processing of local foods, or other interventions that reduce pressure on natural resources.

The project is relevant to a number of SDGs, including SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 17 (Partnerships for the Goals).

11. 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
	High or Substantial		

Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.

Project Information

Project Information	
1. Project Title	Strengthening sustainability in commodity and food-crop value chains, land restoration and land use governance through integrated landscape management for multiple benefits in Indonesia (FOLUR IP child project)
2. Project Number	PIMS 6393
3. Location (Global/Region/Country)	Indonesia

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to **Strengthen Social and Environmental Sustainability?**
Briefly describe in the space below how the Project mainstreams the human-rights based approach

The strengthening of a Human Rights based approach to land use and resource management is central to the very objective of the project which is focused to ensure integrated approaches to land use management that are sustainable and thus in design must respect and support the human rights of those both on the land and affected by its use.

To ensure that the project targets appropriate beneficiaries, it will facilitate dialogue with target communities, identify areas where their rights are threatened, and respect existing legislation related to socio-cultural rights, where relevant ensuring adherence to Free, Prior and Informed Consent (FPIC) guidelines, and support and monitor adherence to that legislation. For example, when assessing land use allocations and identifying the most appropriate land use scenario for target districts, the project teams will conduct consultations to obtain inputs from local stakeholders, including representatives of the local and customary communities, to ensure that the proposed land use scenario development does not violate the rights of forest-dependent communities within the context of the existing government laws and regulations. When identifying target smallholder farmers, the project will consult on project activities with targeted farmer beneficiaries to ensure that there is no compulsion to partake in the project interventions. Where any aspects of project activity may impact the rights and interests, lands, territories, resources, and traditional livelihoods of Indigenous Peoples, (in Indonesia generally known as ?Customary Peoples?), the project will utilize FPIC guidelines.

Within the specific approaches of the project, the principles of human rights are also fully integrated including through:

Supporting meaningful stakeholder participation and inclusion (including local communities, marginalized/vulnerable groups, women, migrants, disabled persons and youth) in the implementation of the project activities. Multi-stakeholder dialogue and participation is a prerequisite throughout the project. Some of the following activities mention this process as part of:

? The development or strengthening of integrated landscape management frameworks/systems by ensuring that designated use of land is not changed without consultation.

? Consultations occur at both national and subnational levels through regular meetings, involving the relevant sector agencies (government institutions), private sector, civil society as well as local level district and provincial governments, land users and local communities.

? Engagement of local communities (including vulnerable/marginalized groups and women) as part of environmental management and governance activities is also provided.

? Full and effective stakeholder engagement is promoted through tailored farmer support programs, capacity building/training to ensure development is sustainable.

Promotes local accountability and rule of law.

? The project is built upon the principle of community governance and promotes social oversight of land use. Stakeholder consultation is required throughout, and a transparent project-level grievance redress process is freely available.

Respect for national and international human rights laws and conventions:

? The project will work in line with international and national legislation with Indonesia having ratified the CCPR - International Covenant on Civil and Political Rights (2006), the CEDAW - Convention on the Elimination of All Forms of Discrimination against Women (1984), and the CRC - Convention on the Rights of the Child (1990), and having acceded to the CERD - International Convention on the Elimination of All Forms of Racial Discrimination (1999) and the CESCR - International Covenant on Economic, Social and Cultural Rights (2006). Where international or national legislation is not present the project will follow international best practice.

Briefly describe in the space below how the Project is likely to improve gender equality and women?s empowerment

In accordance with UNDP policies and procedures, a gender analysis has been conducted during the PPG phase to identify the differences, needs, roles and priorities of women and men. A Gender Action Plan has been developed to ensure that project interventions are gender responsive, improve gender equality and promote women?s empowerment. The results of the gender analysis conducted during the PPG phase have been integrated into the project design to ensure that gender-based differences are built into project activities as appropriate, and gender-disaggregated targets have been developed as indicators of project?s success. Specific gender roles have been integrated into the project and programme level implementation arrangements, including but not limited to the following:

a. The National Project Manager will appoint a gender focal point in the project management unit (PMU) who will implement and monitor the project level Gender Action Plan and support project focal points at the involved line ministries and local government offices to mainstream gender into all project activities.

b. The target districts sites will each designate a staff member as a gender focal point who will assist in the implementation of the gender mainstreaming plan.

c. A Project-recruited Gender-Safeguards Officer will support the project with gender training, monitoring & evaluation of site activities, and consultations with local communities.

d. Gender mainstreaming objectives for the project will be championed and monitored by the Gender-Safeguards Officer and the project gender focal points, with back-up from the UNDP country office.

e. The Project will coordinate with the programme-level gender mainstreaming initiatives sponsored by the FOLUR Global Platform, e.g., in terms of outreach and representation at regional and global events.

During the project preparation phase, consultations were made with local communities as well as representatives of provincial and district government agencies and civil society organizations. The project results framework contains measurable indicators related to gender equality and women?s empowerment. Gender and social inclusion training will be mandatory for project implementation staff and service providers. Knowledge products will be developed and disseminated, tailored to the literacy and cultural circumstances of the local project communities, to ensure equitable gender and social inclusion. Throughout the project lifetime, consultations with local communities in the target landscapes will continue, ensuring that project interventions are gender-responsive, that they improve gender equality and make positive contributions to women?s empowerment.

Briefly describe in the space below how the Project mainstreams environmental sustainability

The project?s interventions, backed by the Government of Indonesia?s (GoI?s) environmental commitments and regulations, will ensure improved management of approximately 1.47 million ha of potential essential ecosystems (KEE/*Kawasan Ekosistem Esensial*) and productive landscapes in the 5 target jurisdictions, which will avoid the loss of ? 113,000 ha of High Conservation Value Forest (HCVF) through a combination of policy and on-the ground interventions as well as partnerships with local and international partners seeking to support and mainstream sustainable production systems and supply chains. Innovative incentive mechanisms will be implemented via partnerships between companies, smallholders and local governments on sustainable agriculture supply chains and land governance. These interventions are backed by jurisdictional approaches to ensure restoration of ? 20,000 ha of degraded priority landscapes to maintain ecosystem services, locally tailored and in accordance with local ecology, without monocrop plantations or exotics. The project is designed specifically to promote environmental sustainability, including natural regeneration and ensuring sustainable wildlife corridors. The project will also introduce new tools for scaling-up e.g. a green financing vehicle for smallholders; incentive mechanisms on degraded landscape restoration, community-based conservation schemes (e.g. social forestry) in selected districts; and a decision support tool for informing policy formulation and planning to address vertical alignment across national and sub-national policies and for replication of jurisdictional ILM plans.

Environmental monitoring is at the centre of the project?s design and will be mainstreamed through all components and outcomes including:

Component 1 ? development of integrated landscape management systems has a strong focus on environmental sustainability including improved protection and management of key habitats as well as environmental services. Capacity and governance within existing multi-stakeholder collaborative arrangements will be reviewed and strengthened where gaps exist, to ensure robustness in the coordination between environmental management frameworks at national and sub-national levels.

Component 2 involves promotion of sustainable food production practices and responsible value chains, focusing on improving the environmental sustainability of key commodity supply chains and will work with partners to both strengthen the quality and application of domestic policy and regulation and the uptake of international certification systems linked to environmental sustainability in agricultural production. The component uses farm-level approaches to sustainability, whereby cash crops do not displace food crops, but are integrated into diversified farming systems.

Component 3 focuses on rehabilitation of degraded forest areas as well as conservation of key environmental areas including HCV areas within production landscapes. Reporting on both environmental and social indicators will be an important part in the monitoring and evaluation processes.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? Note: Describe briefly potential social and environmental risks identified in Attachment 1 ? Risk Screening Checklist (based on any ?Yes? responses). If no risks have been identified in Attachment 1 then note ?No Risks Identified? and skip to Question 4 and Select ?Low Risk?. Questions 5 and 6 not required for Low Risk Projects.	**QUESTION 3: What is the level of significance of the potential social and environmental risks?** *Note: Respond to Questions 4 and 5 below before proceeding to Question 6*			**QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?**
Risk Description	***Impact and Probability (1-5)***	***Significance*** ***(Low, Moderate, High)***	***Comments***	***Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.***

Risk 1: Improved enforcement of landscape protections and new approaches to land management could result in changes to current access to resources, potentially leading to economic displacement. Principle 1, q3; Standard 5, q2.	I = 4 P = 3	**High**	The project will focus on increasing enforcement and protection of priority/essential ecosystems outside the existing conservation areas, through which the management of approx. 1.47 million hectares will be improved for protection and/or limited cultivation. Spatial planning & zoning of land can further restrict access and use of certain lands from collection of fuel wood, hunting, gardening, or introduce restrictions to the use of customary land as per agreed zoning areas. This could have a detrimental effect on livelihoods.	As the project is High risk with potential downstream and upstream impacts, an ESIA is required for field-level activities and a SESA is required for the policy-level activities. An ESMF has been prepared during the PPG. The ESIA will inform the development of the required ESMP, and the SESA will be the means through which that particular outcome is delivered (with a policy-level ESMF as the output during implementation, as needed). The risk will be managed through the ESIA/ESMP, SESA and stakeholder consultation arrangements, ensuring that livelihoods are not adversely impacted by the project. The impact assessments will identify any economic displacement, and strategies will be included to avoid, minimize or manage any such impacts. Where necessary, a Livelihood Action Plan will be produced to ensure that any such impacts are appropriately managed. This SESP will be revised based on further assessments and on information/details gathered during project implementation. Revisions to the SESP will inform the ESIA and ESMP over the course of the project.

Risk 2: Improved enforcement of landscape protections and new approaches to land management could result in changes to current access to resources, potentially leading to temporary or permanent and partial or full physical displacement. Principle 1, q1; Standard 5, q1.	I = 4 P = 2	**Moderate**	To preserve the integrity of the protection and conservation forests as well as buffer zones, prohibition on cultivating these areas may have to be enforced.	A fundamental principle of the project is there will not be any physical displacement. The SESA and ESIA will establish whether or not this risk is present, and any communities or households that might be affected by prohibiting or restricting cultivation in certain areas. Where possible, field-level plans will be amended to ?design out? such an impact. Involuntary physical displacement will be prohibited in the development of the ILM plans for the project landscapes.

Risk 3: Changes to land tenure arrangements may result in loss of informal or customary land tenure rights, exposing people without registered legal entitlement to the land they farm to economic displacement, or exclude them from project benefits. Principle 1, q4. Standard 5 q4.	I = 4 P = 3	**High**	The project has the potential to affect land tenure arrangements and/or community-based property rights or customary rights to land, territories and/or resources. This could be via formalizing individual land tenure in APL or formalizing social forestry agreements. Although this has potential to benefit some, it could also have adverse impacts on marginalized or unempowered people such as forest users and landgrabbers, potentially leading to changes of land use and/or economic or physical displacement. Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2. Although the exact numbers of informal or unregistered land users are not known, this may affect significant numbers of people, (the risk rating is a worst-case scenario). The risk may apply particularly to marginalized /vulnerable groups.	The SESA and ESIA will include detailed assessment of extent and importance of informal land tenure arrangements and will include measures to ensure that land titling will not adversely impact communities in the target landscapes, while respecting the existing laws and regulations. The ESIA will establish the extent of this risk and the degree to which it may threaten the achievement of results, on a per-landscape basis. It will also make recommendations to maximize the beneficial impacts of the project across all communities and, with full considerations towards Indonesia?s laws and regulations, ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.

Risk 4: Low participation rates among smallholders who may be unwilling or unable to engage. Principle 1, q4.	I = 3 P = 3	**Moderate**	Insufficient numbers of farmers/smallholders may take up incentive schemes, due to poor access, lack of information, perceived insufficient compensation, bureaucratic delay, wariness of officialdom, additional labour requirements or different priorities, and a historic legacy from disappointing experiences with previous land use schemes. These may be exacerbated by COVID-19 or a similar crisis.	The ESIA and associated stakeholder consultation conducted as part of the ESIA, will establish any reservations about taking part, and the reasons for reluctance to do so among all types of commodity farmers, regardless of their tenure arrangements, including in the informal sector. The results of the ESIA will inform further iterative project design, including the development of key performance indicators (KPIs) specific to vulnerable/marginalized groups.
Risk 5: Vulnerable or marginalized groups, or other stakeholders might not be fully involved in project design and therefore not engaged in, supportive of, or benefit from project activities. Principle 1, q2, q4, q6	I = 3 P =3	**Moderate**	Marginalized/vulnerable farmers, or sharecroppers who do not own their land, could potentially be excluded from discussions on its management, improvements and some potential benefits. This may include smallholders, sharecroppers, tenants, landless, women, ethnic minorities, disabled, and others. Fears over exposure to Covid-19 may discourage vulnerable stakeholders from taking part in meetings. (See also Risk 22)	A Stakeholder analysis and Stakeholder Engagement Plan have been developed, and continuing stakeholder consultation arrangements through the project will be structured specifically to include poor and marginalized groups. Stakeholder consultation will be central to the methodology of the ESIA which will, in all its aspects, pay particular attention to the needs of the poorest sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups.

Risk 6: The project may have adverse impacts on the rights, lands, resources and territories of Indigenous Peoples (known as ?customary people?) Customary People might not be fully involved in project design and therefore not engaged in, supportive of, or benefit fully from project activities. There may be a heightened risk of vulnerability of indigenous communities due to a prolonged or recurrent outbreak of the COVID-19 pandemic or similar crisis. Principle 1 q 1-6; 2 q 1,2,4. Standard 6 q 1-6.	I = 4 P = 3	**High**	Initial consultations have taken place regarding the project concept. As specific locations have not currently been identified, grassroots-level FPIC consultations with affected communities and land users have not begun.	The SESA and ESIA will assess whether Customary People will be impacted by the project, as locations are defined. Where they are found to be project-affected, FPIC consultations will be carried out with the objective of achieving initial consent from the specific rights-holders, in line with Standard 6 requirements. A Customary Peoples? Plan will be developed. Further FPIC consultations will be ongoing and followed during project implementation, following the measures summarized in the ESMF and in the Customary People?s Plan that will be prepared as part of the subsequent ESMP as required by ESIA/SESA assessment reports.

Risk 7: Local governments (sub-national level) and community associations might not have the capacity to implement project activities successfully. Principle 1, q5	I = 4 P = 4	**High**	Currently there is weak implementation of national policies at provincial and district levels, resulting in inadequate forest governance and weak enforcement of regulations at the local level. Community-level farmer organizations are of varying strength and may lack capacity to influence project design. A lack of incentives for the local governments, smallholder farmers, traders, buyers and exporters to focus on conservation and restoration results in unsustainable practice in commodity supply chains at the jurisdictional level.	The SESA will include an overview of subnational government and community association capacities for successful project implementation at all levels and make recommendations in accordance with its findings, in the form of a capacity development plan, prepared to properly identify target groups and their specific capacity development needs. These will include the levels of support to be provided by the project, and potentially civil society and/or academic institutions. The report will inform the further development of the ESMP. Measures to strengthening farmer organizations are included as Output 3.1.

Risk 8: Field- and policy-level activities related to the value chains of key commodities could inadvertently support child labour, forced labour, and other violations of international labour standards. Principle 1, q1; Standard 3, q.8	I = 5 P = 3	**High**	The project will promote the establishment of farmer support and integrated value chain traceability systems for palm oil, cocoa, rice and coffee in the selected jurisdictions, including support to capacity development and sustainability certification for smallholder producers. The project therefore has clear potential to produce a net benefit in improving labour standards compliance through promotion of third-party certification standards. Due diligence safeguard procedures have been conducted for prospective private sector partners, but in view of the general poor adherence to international labour standards in the agricultural sector (including child labour), and the number of smallholders who may be using occasional or semi-permanent casual labour, this may be difficult to monitor and enforce at the field level. Labour shortages during the COVID-19 pandemic may increase the risk of child labour, forced labour, and other illegal labour practices, with the potential for reputational damage to UNDP and FAO.	The SESA and ESIA will include a review of labour standards in the target districts where interventions related to smallholders will take place, and propose safeguards including monitoring arrangements which will be integrated into the ESMP. The SESA will also include study of how sustainable intensification might affect labour requirements, potentially increasing pressures to employ children or prisoners, or use their labour on smallholdings.

Risk 9: Project activities and approaches might not fully incorporate or reflect views of women and girls and ensure equitable opportunities for their involvement and benefit. There is a risk that a prolonged or recurrent COVID-19 pandemic could exacerbate gender inequality and possibly also increase gender-based violence. Principle 2: q2, q4	I = 3 P = 3	**Moderate**	The lack of specific inclusion of women within community activities that have the potential to help generate income, such as spatial planning at the subnational level, or commercial plantations, subsistence farming or market gardening, may ultimately impact women and girls disproportionately to the rest of the community. Lack of a proactive approach towards a participatory gender inclusive stakeholder engagement process within land use and development planning activities, Oil Palm / Cocoa / Coffee / Rice Policies and Environmental Management and Governance activities may result in the limited incorporation of a gender perspective. This can adversely affect the successful planning and implementation of project activities and have a more disproportionate impact on women who generally perform core labour in activities such as gardening, domestic work, and marketing of surplus produce. Women may be denied additional monetary benefits from increased commodity yields.	During the PPG, this risk was assessed in the gender analysis and managed through the Gender Action Plan, which will be integrated into overall project management systems. The gender analysis and gender action plan will be regularly reviewed and updated to account for gender differentiated impacts, e.g., regarding the impacts and response to the COVID-19 pandemic. The project will use the services of a gender specialist and will conduct participatory explorations of how best to increase project benefits for women.

Risk 10: Existing conflicts related to land use and/or ownership could be exacerbated or reignited by project. Principle 1: q8	I = 3 P = 2	**Moderate**	A degree of distrust of arrangements with large-scale commodity producers exists as a legacy of past agreements whereby communities have lost a degree of control over land use. This has been identified as an issue in Sanggau, as well as in North Sumatra. Conflict between adjacent landowning groups which did not previously exist might be ignited if activities on demarcation of land boundaries/spatial planning/zoning is introduced. Conflicts could result between local communities on which land to allocate for community forestry, areas designated for tree planting etc. as part of environmental planting activities. Land titling may ?rock the boat? by formalizing tenure in the hands of specific individuals/groups whereas previously there may have been informal, tacit agreements on use and extraction by multiple parties.	Comprehensive stakeholder engagement will be conducted at all stages of the project, and the ESIA will assess the likelihood and significance of this issue. The project will fully consider community views which will inform project outputs for each landscape. No communities will be compelled to take part.

Risk 11: A failure of the project to benefit vulnerable groups, due to ?Elite Capture? of project benefits. The Project could have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups. Principle 1, q4.	I = 4 P = 3	**High**	Powerful community leaders, landowners and commercial interests may dominate the process of land use development at the local level, due to customary power structures, which may further isolate marginalized/ vulnerable groups from the decision-making processes, excluding their inputs from consideration. A singular focus on investment-heavy cash crops risks concentrating benefits in the hands of those with access to capital and other means of production, at the expense of the poor whose low-input livelihood support activities may be marginalized. There is also a possibility that an increased focus on cash crops marginalizes women and children by displacing their food production.	Stakeholder consultation arrangements will be structured specifically to include poor and marginalized groups. The ESIA and SESA will, in all its aspects, pay particular attention to the needs of the poorest sections of society, and mitigation/management strategies will be developed specifically targeted towards the needs and concerns of poor and vulnerable groups. The baseline ESIA will include poverty indicators, which will inform the development of the ESMP and future, ongoing monitoring of results. The project promotes diversified farming/livelihood systems, agroecology and nature-based solutions.
Risk 12: Informal farmers, or those without registered legal entitlement to the land they farm, may be excluded from project benefits. Principle 1, q2.	I=4 P=4	**High**	Informal land tenure arrangements and/or a failure to update official land use records may result in the exclusion of non-registered farmers from project benefits, especially benefits under Component 2. The exact numbers of affected people are not known (the risk rating is a worst-case scenario). This may apply particularly to marginalized /vulnerable groups.	The ESIA will establish the extent of this risk, and the degree to which it may threaten the achievement of results, on a per-landscape basis. It will also make recommendations to maximize the impacts of the project across all communities, to ensure that lack of legal entitlement is not a barrier that restricts access to project benefits to only those with formalized land use rights.

Risk 13: Lack of access to information. Principle 1, q4.	I = 3 P = 1	**Low**	Insufficient public information regarding the project and affected people?s rights could result in their views not being taken fully into account. In particular, this might exclude some stakeholders from fully participating in decisions that may affect them. Effective stakeholder engagement, including stakeholder feedback mechanisms is integrated into the management framework, and comprehensive engagement has been carried out during the PPG phase. Such exclusion if it occurred ?under the radar? would be reversible with additional stakeholder consultation.	

Risk 14: Potential release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts. Excessive use of fertilizers as part of oil palm, cocoa, coffee, and rice development could lead to contamination of rivers and water sources for drinking and impact on soil degradation and the overall degradation of the natural habitat in that specific area. Standard 7, q1-4	I = 3 P = 2	**Moderate**	Intensification of commodity agriculture and processing can lead to increased amounts of wastes, fertilizers and/or pesticides released into the environment.	The project includes appropriate safeguards, including training and monitoring. The ESIA will include further assessment of this risk.
Risk 15: Poorly designed or executed project activities could damage critical or sensitive habitats, including through the introduction of invasive alien species during forest restoration-rehabilitation activities. Principle 1: q5; Standard 1: q1, 2, 3, 5, 6	I = 3 P = 2	**Moderate**	The project aims to restore-rehabilitate 20,000 ha of degraded ecosystems outside protected/conservation areas involving government, private sector and local communities. There are risks of introducing IAS if the restoration-rehabilitation plans are not properly formulated.	Under Output 6.1, restoration-rehabilitation will be carried out in accordance with management plans developed using participatory planning processes and informed by the ESIA. No IASs will be used. This risk has been managed through the design of the project and will be further examined in the course of the ESIA and included in the ESMP as determined necessary.

Risk 16: Activities funded under low value grants, may be carried out without full adherence to UDNP SES. Principles and Standards: All	I = 3 P = 3	**Moderate**	As part of the participatory conservation and restoration-rehabilitation activities, the project plans on disbursing low-value grants to support and/or accelerate interventions on agroforestry, sustainable use of non-timber forest products (NTFPs), integrating fast-grown timber species on farm, community-based forest management, etc. Under Component 2, the project also plans on disbursing low-value grants for on-farm improvements, such as implementing good agricultural practices, and enabling activities associated with the Open Innovation Challenge addressing sustainability issues in the project landscapes. The impact rating of ?Moderate? represents a theoretical worst-possible scenario, where all such activities are conducted with a 100% failure to adhere to the SES. The potential impact is assessed as Moderate due to the low value of the grants envisaged, and the limited scope of each individual grant.	Low-value grants, conceived purely as a delivery mechanism under the NIM modality, will be carried out in partnership with expert organizations, e.g. conservation agencies, protected area management administrations, NGOs, and/or local governments. One of the conditions of the grant agreements is adherence to the UNDP social and environmental standards (SES), and all on-the-ground activities will be subject to screening for potential non-compliance, in accordance with the ESMP. Procedures for ensuring adherence to social and environmental standards will be based on UNDP?s operational guide for LVGs.

Risk 17: Project activities and outcomes will be vulnerable to the potential impacts of climate change. A potential economic downturn as a result of a prolonged or recurrent COVID-19 pandemic (or similar) may increase the vulnerability and coping capacities of local communities. Standard 2, q2; Standard 3, q5	I = 4 P = 5	**High**	Climate change is contributing to the expansion of coffee into higher altitudes, threatening conservation forests, resulting in an increase in pests and diseases and a consequential increase in the use of chemical inputs. Both coffee and cacao may become unviable, while rice production is also likely to be affected. Although oil palm may be relatively resilient, climate change is highly likely to impact a cash-crop focused model of development.	Further studies will be included in the SESA and ESIA, which will establish appropriate risk management strategies with the inclusion of climate change scenarios in ILM strategies, and the need for diversified farming and livelihood systems, agroecology and nature-based solutions. The project includes capacity building on resilient production, livelihood diversification and improved landscape management approaches.
Risk 18: Workers in commodity supply chains (including smallholder producers) might be exposed to hazards in their use of chemical inputs (pesticides, fertilizers etc.) without adequate PPE, training and safeguards, or which might be subject to international bans. Standard 3: q.7; Standard 7: 7.3, 7.4	I = 3 P = 4	**Moderate**	Misuse of agricultural chemicals is reportedly widespread in Indonesia, where pesticides, fungicide, herbicides, including organophosphates, PCBs and other Persistent Organic Pollutants are widely used to boost production. Farmers and workers are often ill-informed about the dangers of agricultural chemicals and correct safety procedures.	The project is designed to equip the target smallholders with training on application of Good Agricultural Practices (GAP) on farm. Farmers will be trained to appropriately gear themselves against exposure of hazardous materials. Additionally, GAP will prescribe appropriate types and doses, and means of application of chemical inputs that are not internationally banned or prohibited under Indonesian law. The ESIA will include assessment of the risk that the project will lead to an increase of exposure to hazards, and appropriate safeguard procedures will be employed.

Risk 19: A failure to establish the correct balance between improving per hectare commodity production with improved enforcement of land use regulations might in certain locations produce a counter-productive result. Standard 1, q11.	I=4 P=2	**Moderate**	There is a possibility that increasing the per ha profit from commodity production might lead to an increased incentive to expand production into protected areas, particularly where enforcement of land use regulations is lax.	The issue will be further studied during the SESA. SESA findings will feed into the development of a policy assessment tool (Output 1.4), and Output 6.3 is designed to strengthen collaborative governance mechanisms in support of effective conservation and restoration. Sustainable intensification of commodity production is accompanied by improved governance/enforcement and market-based incentives, balancing the ?carrot and stick? of project interventions, improving enforcement of land use restrictions with a focus on HCV or HCS land, and improving resources and systems.

Risk 20: Risk imposed by COVID-19 pandemic or similar disease outbreak, having implications at international, national and sub-national levels.	I = 4 P = 5	**High**	The project preparation phase coincided with the outbreak of the COVID-19 pandemic. Project implementation activities could be suspended or delayed in case of continuation or recurrence of the COVID-19 pandemic or similar. A pandemic may also disrupt food supply chains, resulting in potential implications for food security if local food production is reduced as a result of increased emphasis on commodity production.	The environmental and social impact assessment (ESIA) will include an evaluation of the vulnerability of project stakeholders to such crises, and management measures will be integrated into the environmental and social management plan (ESMP). Each contract, MOU or other agreement with execution partners will include a contingency plan for adjusting to possible suspension or delays as a result of a public health or similar crisis. Agreements will have a force majeure clause to cover possible delays or shortcomings in delivery based on such unforeseen circumstances. The project approach of sustainable intensification is designed around integrated farm systems, ensuring that commodity production is not achieved at the expense of food crops, and does not negatively impact food security.
Risk 21: Documenting and/or recording and disseminating traditional conservation knowledge might damage communities? sense of custodianship of such activities. Standard 4, q.1, Standard 6, q9	I = 1 P = 1	**Low**	Traditional Knowledge will not be commercialized.	

Risk 22: Local community members involved in project activities may be at a heightened risk of virus exposure, e.g., stakeholder meetings, workshops, community field work, etc. Principle 3, Standard 3, Q3.6.	I = 3 P = 3	Moderate	The landscape approach promoted on the project is predicated on participatory processes, including multi-stakeholder meetings, community field work, learning exchanges, seminars, etc.	The ESIA will address COVID-19 related risks, and specific mitigation measures will be integrated into the ESMP. Adaptive management measures will be implemented to reduce the risk of virus exposure during a prolonged or recurrent COVID-19 pandemic, or similar crisis. For example, virtual meetings will be held where feasible. Health hazard assessments will be required for activities involving gatherings of multiple people, and mitigation measures will be implemented accordingly, e.g., ensuring physical distancing, providing personal protective equipment, avoiding non-essential travel, delivering training on risks and recognition of symptoms, etc.

QUESTION 4: What is the overall Project risk categorization?		
Select one (see SESP for guidance)		**Comments**
Low Risk	**?**	
Moderate Risk	**?**	

	High Risk	**R**	The overall risk-rating for the project is ?High?. The identified risks will be revised based on further assessment and information during project inception. To meet the SES requirements the following have been prepared: (i) an Environmental and Social Management Framework (ESMF); (ii) stakeholder analysis and Stakeholder Engagement and Collaboration Plan; (iii) Gender analysis and Gender Action Plan; (iv) Risk Register, including proposed risk management measures and identification of risk owners. The project will commission an Environmental and Social Impact Assessment (ESIA) and ESMP, including FPIC consultations and targeted at potential identified field-level impacts, and a Strategic Environmental and Social Assessment (SESA) for policy-level work. During the first year of implementation, a Customary Peoples? Plan and a LAP will be prepared as part of the subsequent ESMP as required by ESIA/SESA assessment reports.

	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?		
	Check all that apply		**Comments**
	Principle 1: Human Rights	**R**	
	Principle 2: Gender Equality and Women?s Empowerment	**R**	
	1. Biodiversity Conservation and Natural Resource Management	**R**	
	2. Climate Change Mitigation and Adaptation	**R**	
	3. Community Health, Safety and Working Conditions	**R**	
	4. Cultural Heritage	**R**	Potentially triggered under Risk 16
	5. Displacement and Resettlement	**R**	
	6. Indigenous Peoples	**R**	

	7. Pollution Prevention and Resource Efficiency	**R**	

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
6393_FOLUR_ID_Annex 5_SESP_21Nov2020	**CEO Endorsement ESS**	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

This project will contribute to the following Sustainable Development Goal (s): SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 17 (Partnerships for Goals)				
This project will contribute to the following country outcome: UNSDCF Indonesia 2021-2025, Outcome 3/ UNDP OUTCOME 3: Institutions, communities and people actively apply and implement low carbon development, sustainable natural resources management, and disaster resilience approaches that are all gender sensitive; **Output 3.2**: Strengthened and expanded protection, governance and management of terrestrial and aquatic ecosystems, habitats, and species (SP Output1.4.1); **Output 3.4**: Conservation and resilience strategies with local priorities (income and food security) contribute to global environment benefits (SP output2.4.1); **UNDP Strategic Plan 2018-2021**,Signature Solution 4: Promote nature-based solutions for a sustainable planet; **FAO Country Outcomes (2021-2025)**: 2.1: Government and farming communities adopt innovative technologies introduced by FAO and scale up at national level; 3.2: Inclusive, efficient and sustainable agri-food value chains to support food diversification are promoted; 4.1: Capacities of government and stakeholders to support evidence-based policy making, planning and coordination for sustainable natural resource management in agriculture, fisheries and forestry improved.				
	Objective and Outcome Indicators	**Baseline**	**Mid-term Target**	**End of Project Target**
Project Objective: To transform the management of oil palm-, cocoa-, coffee-, and rice-based food systems and landscapes	**Mandatory Indicator 1,** *GEF-7 Core Indicator 11*: **# direct project beneficiaries** disaggregated by gender as a co-benefit of GEF investment (individual people) **SDG 1.4; SDG 1.b; SDG 5.a**;	Baseline to be established in year 1	Estimated 103,000 beneficiaries (of whom 53,800 are female) confirmed by midterm	103,000 (of whom 53,800 are female)

in Indonesia for the generation of multiple environmental benefits.	**Mandatory Indicator 2,** *GEF-7 Core Indicator 3*: **Area of land restored** (hectares); Sub-Indicator 3.2: Area of forest and forest land restored **SDG 15.3;**	Baseline to be determined in year 3 (after ILM plans endorsed).	In full consultation with relevant stakeholders 20,000 ha of degraded production forest areas (i.e. permanent, limited, and convertible production forest) delineated and designated for restoration - rehabilitation identified in KEE schemes (Essential Ecosystem Area), social forestry plans, public-private-community MOUs, or other means	20,000 ha of degraded production forest areas restored-rehabilitated
	Mandatory Indicator 3, *GEF-7 Core Indicator 4*: **Area of landscapes under improved practices** (excluding protected areas); Sub-Indicator 4.1: Area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified); and Sub-Indicator 4.4: Area of High Conservation Value forest loss avoided (hectares) **SDG 2.4; SDG 12.2; SDG 15.2; SDG 15.9; SDG 15.b;**	Baseline to be established in year 2 (after HCV/HCS assessment completed and potential area for improved management & set-asides identified).	Jurisdictional ILM plans, designating 1.587 million ha for improved management, are finalised, and endorsed by provinces	1.587 million ha, including 1.474 million ha under improved management (4.1), leading to 0.113 million ha of HCV forest loss avoided (4.4).

	Mandatory Indicator 4, *GEF-7 Core Indicator 6*: **Greenhouse Gas Emissions Mitigated** (million metric tons of CO2e); Sub-Indicator 6.1: Carbon sequestered, or emissions avoided in the sector of Agriculture, Forestry, and Other Land Use **SDG 13.2; SDG 13.3;**	Baseline to be determined in year 2 (after HCV/HCS assessment completed and potential area for improved management & set-asides identified)	Estimation of 94,440,866 metric tons CO2e (direct) confirmed through ILM plans	94,440,866milli on metric tons (lifetime direct) of CO2e mitigation contributed to the AFOLU sector
Component 1: Enabling environment for sustainable value chains and integrated landscape management				
Outcome 1: Strengthened policy and planning frameworks for integrated landscape management, commodity and/or crop value chains and landscape governance at national and sub-national levels, informed by multi-stakeholder engagement	**Indicator 5**: % i**mprovement in the consistency and relevance of policies in the project jurisdictions**, as measured by the policy assessment scorecard	Not applicable (the policy assessment tool and supporting scorecard will be developed under Output 1.4 and the baseline value defined retrospectively.	Target TBD (the Policy assessment tool will have been completed, and application initiated in project jurisdictions)	At least 30% of policies assessed in the project jurisdictions, on issues of relevance to ILM and sustainable food systems, lead to higher score using the policy assessment scorecard.
	Indicator 6: Improved multi-stakeholder collaboration in integrated landscape management and value chains, as indicated by progress made along the multi-stakeholder collaboration ladder of systemic change scorecard	Baseline scorecard assessments made at project inception through focus group discussion approach: national, provincial (5) and district (5) levels	No midterm target (assessments made at inception (baseline) and at the end of project)	Verifiable improvement along the ladder of systemic change scorecard (to be defined when baseline assessments are completed at project inception)

Outputs to achieve Outcome 1	**Output 1.1.** Policy analyses and proposals developed for national and/or sub-national level policies, regulations, or government programs to improve commodity/crop value chain and to ensure the implementation of conservation agriculture and/or protection of essential ecosystems by promoting equitable representation and participation of women and men in landscape governance and management. **Output 1.2.** Strengthened multi-stakeholder dialogue mechanisms on landscape management and sustainable commodity/crop production with equitable participation, opportunities and benefits for both women and men. **Output 1.3.** Sustainable action plans on cocoa, coffee and rice that also include strategies for strengthening farmer support systems formulated, adopted, and initial implementation monitored. **Output 1.4.** Decision support tools for informing policy formulation and planning developed and/or strengthened.			
Outcome 2: Integrated landscape management approach mainstreamed in the target provinces and districts through adoption of jurisdictional integrated landscape management plans	**Indicator 7: Mainstreamed landscape management approach**, as indicated by area of priority areas under improved management (1.474 million ha) that is set aside for conservation as defined by provincial or district planning frameworks, or conservation decrees, regulations, programmes	No areas within potential high conservation value areas) are currently set aside for conservation..	Jurisdictional ILM plans mainstreamed into provincial and/or district land planning and/or conservation decrees, regulations, or programmes	113,000 ha, after ILM plans are approved
	Indicator 8: Number of regulatory decisions that strengthen landscape management at the district level, as indicated by number of regulatory decisions that respond to the provisions of the land use plans	0	ILM considerations mainstreamed into 5 district spatial plans	5 regulatory decisions

Outputs to achieve Outcome 2	**Output 2.1.** Provincial and district level situation analysis and dialogue mechanisms established and/or strengthened for integrated landscape management involving government, private sector, CSOs and local communities **Output 2.2.** Maps and inventories of HCV/HCS areas and other priority or essential ecosystems generated for five target jurisdictions, with categories for protection and sustainable production defined with accompanying management guidelines **Output 2.3.** Jurisdictional provincial-level integrated landscape management plans delineating production, protection and restoration priorities formulated, legalised, and monitored **Output 2.4**. Environmental carrying capacity for key commodities and crop assessed and trade-offs analysed for five target districts **Output 2.5**. Environmental sustainability and integrated landscape management considerations (e.g. protection of ecosystem service provision areas, biological corridors, fragile soils) incorporated into planning instruments of target districts			
Component 2: Promotion of sustainable crop production practices and responsible value chains				
Outcome 3: Sustainable and responsible investment and finance through public-private-community partnerships leveraged for implementation of sustainable value chains	**Indicator 9: Strengthened implementation of sustainable value chains**, as indicated by the volume of investments/finance leveraged (USD) for operationalisation of smallholder financing mechanisms by type and gender of beneficiaries	Not applicable	USD 1 million available in smallholder financing mechanisms	USD 1 million disbursed for smallholder farmer households (at least 10% for each crop) in the project jurisdictions, of which at least 10% are female-led households
	Indicator 10: Expanded private sector involvement, as indicated by the area (ha) covered by and number of farmers involved in PPPs and/or PPCPs to strengthen sustainable production and value chains, by type and objective	Baseline to be determined by year 2..	PPPs and/or PPCPs drafted, covering 18,000 ha and 14,000 farmer households	18,000 ha, 14,000 farmer households (8,000 palm oil households (100%), 12,000 ha; 3,000 coffee households (50%), 3,000 ha; 1,000 cocoa (50%), 1,000 ha; 1,000 rice (25%), 2,000 ha)

Outputs to achieve Outcome 3	**Output 3.1.** Mechanisms available to farmers to provide finance/credit for sustainable production incorporating eligibility criteria based on sustainability **Output 3.2.** Facilitating improved public-private-community collaboration and partnerships to strengthen sustainable production and value chains **Output 3.3.** Open innovation challenge introduced to identify solutions that can be scaled to address strategic issues			
Outcome 4: Smallholder farmers receiving increased value for their products through traceability systems and improved grading for selected commodities and jurisdictions	**Indicator 11: Enhanced traceability of sustainably produced palm oil, cocoa, coffee, and rice**, as measured by the planted area (ha) under verified traceability systems	Baseline to be determined by year 2	Testing of traceability systems underway for 18,000 ha planted area (12,000 ha oil palm; 3,000 ha coffee; 1,000 ha cocoa; 2,000 ha rice)	Verified traceability systems applied over 18,000 ha (12,000 ha oil palm; 3,000 ha coffee; 1,000 ha cocoa; 2,000 ha rice)
	Indicator 12: Improved capacities of farmers to add value to palm oil, cocoa, coffee and rice, as measured by the percentage of product volume by smallholder farmers in project districts, by crop, subject to effective grading by quality	Grading systems are not in place	Training of grading guidance initiated with farmers representing the following percentage of smallholder production in project district jurisdictions: (a) 10% palm oil, (b) 10% coffee, (c) 10% cocoa, and (d) 10% rice	During last full year of project implementation: (a) 10% palm oil, (b) 10% coffee, (c) 10% cocoa, and (d) 10% rice
Outputs to achieve Outcome 4	**Output 4.1.** Best practice traceability approaches demonstrated, involving supply chain actors at a jurisdictional level and incentivises participation of independent smallholders, e.g., through access to finance, credit scoring, training, etc. **Output 4.2**. Guidance on grading for value additions developed for oil palm, cocoa, coffee and rice			

Outcome 5: Smallholder farmers and support services strengthened in target districts to implement sustainable and resilient production and farming systems	**Indicator 13: % increase in capacities for farmer support for sustainable and resilient production and farming systems**, as indicated by the percentage increase in the numbers of farmers to whom public extension services, private sector technical support schemes and farmer field schools have the capacity to provide support on sustainable and resilient production and farming systems.	Baseline to be determined by year 1	Capacity building plans for technical support services developed to achieve the following percentage increases: (a) % increase for extension services, (b) % for private sector technical support schemes, and (c) % for farmer field schools	By the last full year of project implementation: (a) % increase for extension services, (b) % increase for private sector technical support schemes, and (c) % increase for farmer field schools.
	Indicator 14: access to technical support by smallholder farmers, as indicated by the percentage increase in the numbers of farmers (by gender, ethnicity, socioeconomic level and crop type) receiving regular technical support in relation to sustainable production and management	Baseline to be determined by year 1	Capacity building plans for smallholder farmers developed to achieve the following percentage increases: (a) % increase for oil palm farmers (15% women), (b) % for coffee farmers (50% women), (c) % for cocoa farmers (50% women), and (d) % rice farmers (50% women).	By the last full year of project implementation: (a) % increase for oil palm farmers (of whom 15% are women), (b) % for coffee farmers (of whom 50% are women), (c) % for cocoa farmers (of whom 50% are women), and (d) % rice farmers (of whom 50% are women).

	Indicator 15: application of best management practices, as indicated by the number of smallholder farmer households implementing best management practices as a result of a combination of direct support by the project and through the public and private extension services with which the project will work	Baseline to be determined by year 1	Training on best management practices delivered to 10,000 of the total number (20,000) of farmers to be trained by the end of the project	10,000 farmer households (4,000 oil palm; 3,000 coffee; 1,000 cocoa; 2,000 rice) implementing best management practices by the last year of project implementation
Outputs to achieve Outcome 5	**Output 5.1.** District-level plans of farmer support interventions, reflecting stakeholder priorities, zoning, and land classification **Output 5.2.** Agricultural extension service systems including capacity building for extension officers strengthened in target districts to support smallholder farmers on the promotion of and increased uptake of sustainable production practices and farming systems **Output 5.3.** Support to smallholder capacity development and sustainability certification delivered for selected smallholder farmers within target districts **Output 5.4**. Support delivered to smallholder farmers for land tenure/legalization, enabling achievement of sustainable and resilient production and farming systems			
Project component 3: Conservation and restoration-rehabilitation of natural habitats				
Outcome 6: Participatory models of management and incentive mechanisms catalysing biodiversity conservation, land/habitat restoration and improved governance of priority	**Indicator 16: Extent of participatory governance of priority ecosystems**, as indicated by the area and numbers of people covered by management plans with incentive mechanisms that are under implementation for inclusive conservation-restoration (such as social forestry, KEE scheme)	0 ha and 0 household. There is no incentive mechanism in place.	Management plans developed for participatory models covering at least 50,000 ha and benefitting 5,000 households (including 500 female-led households)	50,000 ha and 5,000 households (including 500 female-led households) covered by management plans with incentive mechanisms that are under implementation

ecosystems enabled in target districts	**Indicator 17: Livelihood diversification through gender-sensitive social forestry interventions that are shown to reduce pressures on natural resources** (e.g., sustainable utilisation of NTFPs, eco-tourism, processing of local foods, etc.)**,** as indicated by the number of individuals involved	0 individual. There is no intervention plan in the targeted areas.	Intervention plans developed for livelihood diversification benefitting 3,000 individuals (of whom 60% are women)	3,000 individuals (of whom 60% are women)
Outputs to achieve Outcome 6	**Output 6.1.** Detailed plans for conservation, restoration and sustainable management of priority degraded ecosystems formulated and adopted in target districts **Output 6.2.** Participatory models for conservation, restoration and sustainable management (e.g., social forestry?s Customary Forest and Village Forest) for critical ecosystems implemented in target districts, taking advantage of available incentive mechanisms **Output 6.3**. Strengthened collaborative governance mechanisms and capacities supporting effective conservation and restoration-rehabilitation			
Project component 4: Knowledge Management, Coordination, Collaboration, and Monitoring and Evaluation				
Outcome 7: Integrated knowledge management, coordination and collaboration to enhance knowledge of factors to foster lessons learned for replication in other areas	**Indicator 18: Documentation of sustainable production and sustainable landscape management associated knowledge**, as indicated by the number of systems developed or strengthened including: (a) knowledge products, (b) communication pieces/stories (c) traditional knowledge databases, (d) research papers	Not applicable	(a) 5 knowledge products (at least 2 highlighting gender mainstreaming), (b) 10 communication pieces/stories, (c) 2 traditional knowledge databases, (d) 0 research papers	(a) 20 knowledge products (at least 5 highlighting gender mainstreaming), (b) 20 communication pieces/stories (c) 5 traditional knowledge databases, (d) 2 research papers
	Indicator 19: **Expanded FOLUR Community of Practice**, as indicated by the number of country documents, events, press promoting FOLUR	Not applicable	(a) 5 country documents, (b) 5 events, (c) 5 press reports	(a) 10 country documents, (b) 20 events, (c) 20 press reports

Outputs to achieve Outcome 7	**Output 7.1.** Project implementation overseen through proactive steering committee functions and inclusive monitoring and evaluation **Output 7.2.** Inclusive participation of local communities, including women and traditional peoples, facilitated through effective implementation of environmental and social management plan **Output 7.3.** Adaptive management methodology developed to monitor, evaluate and respond to causal impacts and systemic change **Output 7.4.** Knowledge management and outreach system developed for supporting scaling out across jurisdictions/provinces and nationally, regionally and globally **Output 7.5.** Participation in Global FOLUR community of practice and other relevant platforms on knowledge and lessons exchanges

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Section/Annex	Comment	Response
GEF SEC upstream comments (addressed to the CEO ER, 15 October 2020 version)		

Section/Annex	Comment	Response
General	The project is focused on many commodities in a number of sites. The scope of the project will lead to a high degree of complexity and could get unwieldy. Further explanation of how all of these commodities and sites are connected together, will generate desired outcomes given the available resources, and how consistency will be maintained in the activities, components and results would be helpful.	The project strategy includes common approaches, such as ILM, systems leadership, capacity building, etc., that will facilitate consistency and coherency across the different target jurisdictions and commodities. Moreover, the FOLUR learning spaces will help promote sharing of experiences and lessons learned on the project. The communications and knowledge management strategies will address the need for cross-learning and open communication. One of the primary duties of the National Chief Technical Advisor will be to ensure consistency and coherency on the project. A full-time Subnational Coordinator-ILM Specialist will be recruited to help ensure effective

Section/Annex	Comment	Response
	The CEO ER is front loaded with a lot of information on commodity production, processing, global trends, etc. While this is all interesting and useful, it gives one the sense that this is an agriculture project, not an environmental project in one of the most globally important countries in the world for forests, biodiversity, carbon emissions from natural resources, etc. The focus needs to be balanced so that we understand the significance of the environment in Indonesia, the threat that the commodities pose to it, and how important this is to the global food system and the global environmental footprint.	The front-end of the document has been reworked, stressing the significance of the environment for the Indonesian project.

Section/Annex	Comment	Response
	There is no reference to fire in the document as one might expect given its impact on the forests and the important government has placed on it vis-?-vis policy. Cutting across all of the commodities and the chief method or clearing and degrading land and forest is fire. Could this be included, perhaps through the addition of ?fire management? or working with initiatives such as the ?Fire Free Villages??	The description of Global Environmental Benefits has been amended with the inclusion of avoidance of emissions from manmade fires. Moreover, in addition to partnership with companies to strengthen the farmers support systems, the project will work with companies, local governments/police and local communities ? in particular farmer households obtaining the GAP training and communities participating social forestry to schemes, to establish ?Fire Alert Villages? (*Desa Siaga Api*). The GAP training modules, as well as the capacity training for restoration will contain materials related to land and forest fire prevention.

Section/Annex	Comment	Response
Table B	Project objective is too long in Table B. Perhaps use the more concise version that is found in the ToC.	Modified to: To generate multiple benefits for biodiversity, climate change, and land degradation through integrated landscape management, sustainable and resilient commodity production and farming systems, and participatory restoration and forest governance.
	Component 2 ?component type? looks to be an investment, not TA	Technical assistance (TA) is maintained for Component 2, as the incremental benefits envisaged through the GEF funds will be primarily facilitated through delivery of technical assistance.

Section/Annex	Comment	Response
Table C	Good to see such a large amount of potential co-financing, including $28,950,000 in investment mobilized already secured and potentially $31.5m investment mobilized if all are potential sources are secured. It would be helpful to better understand how the investment mobilized, particularly from private sector, is specifically going to support the project.	The approach to collaboration with private sector co-financing partners is explained under the description of ?Leverage of systemic change through value chains? section. The co-financing commitments represent investments by the co-financing partners in activities aligned with the objectives of the project. During project implementation the focus will be to work together with the co-financing partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale. For a systemic approach to be effective, the project will aim to convene all of the most important

Section/Annex	Comment	Response
Table F	**Indicator 3**: Restoration is supposed take place in each landscape, and when taking into account the overall GEF budget investment and ample co-financing this makes the 20k ha appear to be low. We recognize that the LD resources used by the project are not significant but CC money and co-financing could be applied for this activity, and the cost of restoration should not be too high given that the project will pursue a ?natural rehabilitation process?. In the forestry sector, many land restoration goals will likely be shared on the landscape level, especially for peatlands. Collaboration on peatlands restoration and land degradation solutions could be looked at.	The target for Core Indicator 3 has been developed through consultations with the Ministry of Environment and Forestry (MoEF). The planned restoration activities will demonstrate innovative, participatory approaches under the Social Forestry models (e.g., Village Forest and Customary Forest schemes). The 20,000-ha has been considered feasible, given the available GEF resources and parallel co-financing from the MoEF. The potential challenge of identifying sufficiently large areas for the social forestry models was also considered in the estimation of the end target. Peatland ecosystems are included among the area of improved management practices expected under Core Indicator 4. Through the

Section/Annex	Comment	Response
	Indicator 4: The Updated Results Architecture for GEF-7 says ?projects must first indicate the names and areas of HCVF that are targeted (GIS files depicting these areas would ideally be submitted)?. We don?t see this information in the current proposal.	The actual locations of the areas of HCVF loss avoided will be determined through the integrated landscape management (ILM) planning processes in the target jurisdictions. The areas are expected to be in production landscapes, i.e., outside of protected areas. The likely category of HCV area is HCV-2, defined in the HCVRN guidance as ?Large landscape-level ecosystems, ecosystem mosaics and Intact Forest Landscapes (IFL)?. Primary forest is one of the areas that falls under this category. As outlined in the Project Document and described in more detail in the jurisdiction profiles (Annex 16), there were 10,889,978.76 ha of primary forest in FOLUR jurisdictions in 2018 (Aceh: 1,944,999 ha; North

Section/Annex	Comment	Response
	Indicator 4: How was the 10% of the potential KEE determined? We would like to know more about the assumptions (planning exercise, particular jurisdiction?) and past experiences that informed the determination of this rate.	During the development of the concept note, the area of avoided deforestation (Sub-Indicator 4.4: Area of High Conservation Value forest loss avoided) was not estimated based on forest cover but rather on indicative set-aside targets. In the revised calculation made during the PPG, the estimation is derived from the forecasted changes in forest cover within the target provinces against business as usual (BAU) and envisaged rates of deforestation influenced by FOLUR interventions. The estimated 46,900 ha of HCVF loss avoided are distributed across the five target jurisdictions, with West Kalimantan Province accounting for more than half of the total (65,200 ha). The estimated breakdown of HCVF avoided

Section/Annex	Comment	Response
	Indicator 6: The target to improve the management and reduce deforestation over an area of 1.474 million ha leads to a high GHG mitigation result. The avoided deforestation would correspond to a decrease of 0.5% in the deforestation rate, which is feasible. However, at this stage the expected results in terms of GHG emission mitigation appears high as compared to the average similar GEF investment. The achievability of this target should be reviewed and justified	Deforestation in Indonesia predominantly involves fire, often in peatland ecosystems, with the end conversion resulting in monoculture plantations, primarily oil palm. Considering these factors, reduction in deforestation entails substantial amounts of avoided GHG emissions. The estimation of the end target for Core Indicators 4 and 6, along with the assumptions made, are explained in Annex 17 to the Project Document
	Indicator 6: The deforestation rate in the targeted area and how the 46,900 hectares of avoided deforestation was calculated should be clarified	The calculations and assumptions of the end target of 46,900-ha of HCVF loss avoided are included in Annex 17 to the Project Document.

Section/Annex	Comment	Response
	Indicator 6: What will be the expected project influence to generate indirect benefits and how were these benefits calculated (it seems to be exactly double of the direct benefit).	A target for lifetime indirect project GHG emissions mitigated is not established in the CEO Endorsement Request, according to the following. Mainstreaming of the protection of Essential Ecosystem Areas / KEE (including protected peatlands) into land use and spatial planning outside the project jurisdictions will depend on government commitments and investments (especially from the MoEF). This is also the case with the replication of the restoration-rehabilitation efforts in the form of social forestry schemes, as well as strengthening of farmers support systems. The Government of Indonesia currently on reprioritizing operating budgets for the period of 2020 ? 2023 in response to

Section/Annex	Comment	Response
	Indicator 6: We would expect to see the Ex-ACT file with the submission package to better understand the assumptions made.	The EX-ACT (v.8) output sheet is incorporated into Annex 17 to the Project Document, and the EX-ACT file is enclosed to the same annex.
Part II: Project Justification and description	At 140 pages, the CEO ER is quite long with the project with the first non-descriptor of the context, threats, etc. on Page 51. The *Global environmental problems, root causes, and barriers* section could be shortened with the full description of crop production data represented in the ProDoc alone.	The CEO ER has been shortened accordingly.
	There are 2 paragraphs on environmental problems caused by the commodities with most of the next 12 pages on crop production, trade, processing etc. This is an environmental project first and should have the issues of environmental degradation, bd loss, GHG emission expanded upon and placed more front and center. The importance of Indonesia in terms of the environment globally and the contribution to global environmental degradation that these crops are causing should be more strongly highlighted and expounded on. Some of the narrative of the problem statement (pg. 53) could be moved into global environmental problems in section 1	The environmental problem section has been reworked.
	The project problem tree (Figure 30) does a good job showing the path to environmental impacts shown as does the S. Sulawesi causal relations diagram. But this not in the problem tree diagrams for coffee and cocoa, which only show the income impacts on farmers. Does growing less cocoa and coffee lead to a negative environmental impact or only low incomes? The environmental impacts should be shown	The coffee and cocoa problem tree diagrams have been removed from the main body of the Project Document.
	It?s important that the baseline scenario in addition to be a list of relevant projects describes in broad terms what has been accomplished that is relevant to sustainability and reduced environmental impact of these crops and what stills needs to occur. This will help set the space for the GEF incremental investment. Some of this is in the problem analysis which could be expended upon the baseline section.	Additional details have been added to the baseline scenario section.

Section/Annex	Comment	Response
	The long term vision is good but it should also make reference to how this will contribute to systems transformation and reducing the footprint of the global food system. Some of this can be drawn from the Leverage of systemic change through value chains section.	Some of the content in the Leverage of Systemic Change section has been moved to the Long-term Vision section.
	It?s good to see the cross-border learning with Malaysia and Papua New Guinea. Collaboration on private sector engagement with the global platform and other FOLUR projects outside of the two identified where resources and learnings can benefit the suite of Indonesian projects should also be considered and some space made in the proposal.	Linkage to the Global Platform has been mentioned in the description of Output 3.2. Linkages to the Sustainable Rice Platform and inclusion in the Sustainable Rice Landscapes Initiative are described in the Innovativeness, Sustainability and Potential for Scaling Up section of the Project Document.
	For the project theory of change it is unclear how the outputs interventions and outcomes address the threats, drivers and barriers. What are the causal links? In the impact drivers column only two seem to be project driven. A clearer description in narrative and ToC diagram would be helpful.	Additional detail has been added to the description of the theory of change.
	For the incremental reasoning section, a broad summary needs to be included here, not only specific to each component	A summary of the incremental reasoning has been added to the CEO ER.

Section/Annex	Comment	Response
	In the Global Environmental benefits section, when using LD FA funds a proposal should explain how the project supports the country?s voluntary LDN goals, if any.	The following information has been added to the Global Environmental Benefits section. Project interventions under the FOLUR country project in Indonesia will support the LDN National Voluntary Targets, particularly associated with the negative trend of conversion of forests into cropland. The project will support achievement of the LDN National Voluntary Targets through (i) formulation and legalization of the integrated landscape management (ILM) plans in the target jurisdictions, which will designate production landscape areas for protection, restoration, limited cultivation and production to limit deforestation and forest/land degradation, (ii) promoting multi-strata

Section/Annex	Comment	Response
Risks section:	It?s good to see COVID 19 impacts captured here and elsewhere in the proposal. But in addition to identifying Covid impacts, opportunities for the project to help mitigate the potential for future outbreak of infectious disease should be described.	COVID-19 related risks have been further elaborated in the social and environmental screening and the environmental and social management framework (ESMF). Moreover, opportunities for the project to help mitigate the potential for future outbreaks and support the socioeconomic recovery have been incorporated into the project design, including integrating resilience and green recovery principles, highlighting the complementarity of multi-stakeholder collaboration with One Health principles, strengthened food and income security of local communities through on-farm diversification and adoption of ILM considerations, thus enhancing the coping capacities of communities

Section/Annex	Comment	Response
	While Climate Change is identified as a risk and mentioned often in the proposal, please see STAP guidance on climate risk screening (link below). The climate risks should be identified, listed and described. This can include: ? Outlining the key aspects of the climate change projections/scenarios at the project location (or as close to it with data available), which are relevant for the type of intervention being financed (e.g. changes in temperatures, rainfalls, increased flooding, sea level rise, saltwater acquirer contamination, increased soil erosion, etc). There is some reference to this in the proposal for rice, but not for other target commodities ? Time horizon if feasible/data available (e.g. up to 2050). Please refer to list of examples from STAP guidance. ? Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above (describe how the climate scenarios identified above are likely to affect the project, during 2020-2050). ? Describing plans for climate change risk assessment and mitigation measures during PPG. ? https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf	A climate and risk screening analysis has been made and documented in Annex 12 to the Project Document. And the recommended actions identified in the screening have been integrated into the project strategy.
	We note in the Project organization structure section that there will be limited execution support from UNDP and FAO and we assume there will be a formal request letter from the government in the package.	The justification of the proposed execution support and a formal letter from the government are compiled into Annex 22 to the Project Document.

Section/Annex	Comment	Response
Private sector:	In term of Private Sector engagement, within the document there are some strong points on private sector engagement. Other coalitions and multi-stakeholder platforms with interest in these regions include the Indonesian Business Council for sustainable development and the Global Agribusiness Alliance. The focus on existing coalitions is encouraging along with the employment of a full-time private sector engagement person.	Yes, the Indonesian Business Council for Sustainable Development is mentioned in the description of Output 3.2, and the reference to the Global Agribusiness Alliance has been added to this part of the project strategy.
	The document includes a comprehensive engagement of private sector at the commodity level, with strong coverage of the main actors. As part of the FOLUR IP it will be possible also to engage regional/global actors such as finance and technology companies that can play a role in sustainable landscape management ? banks and insurance companies would be interested in the approach being taken.	Brokering and facilitation of investment is one of the key deliverables under Output 3.2. The intention is to work as far as possible with existing coalitions of finance providers as we believe this is an effective approach for achieving systemic change. However, we will also work with individual finance providers as required.

Section/Annex	Comment	Response
	In Indonesia, the major resources companies have few channels to invest in communities outside of agriculture and education. Opportunities to explore landscape collaborations with resources companies might also be explored by the private sector engagement specialist. https://www.wbcsd.org/Sector-Projects/Global-Agribusiness-Alliance/Resources/Action-Brief-1.1-A-shared-role-in-poverty-alleviation-and-land-stewardship-Exploring-opportunities-for-closer-collaboration-between-mining-and-agribusiness-companies	Interesting point. The description of Output 3.2 has been amended by indicating the project will explore opportunities to partner with extractive companies and associations.
World Bank, upstream comments (addressed to the ProDoc, 11 September 2020 version)		
General	Congratulations on preparing this comprehensive project document for the Indonesia CP. It is certainly a large and complex project covering four commodities across five provinces, with work on enabling policies, practices, and restoration, as well as exchange of knowledge. The complexity is harnessed a bit when I see that the work in five widespread provinces is really at the district level, so this does focus the implementation substantially. Also, the ?indicative activities tables? under each component and output help to clarify much more specifically what the project will work on. These clarified how different activities would be aimed at national and district level.	Noted.

Section/Annex	Comment	Response
Scope of activity, Private sector contribution.	The scale and ambition of the project also becomes more understandable when realizing the large scale of co-financing, enabling a reach beyond the scope of the GEF resources alone. The ProDoc will be improved with some discussion of how the co financing will be harnessed in service of the project goals. There could be parallel activities coordinated through a work plan, or contracting of services from NGOs or Universities, for example. The coordination and joint work planning would probably require a lot of project staff engagement, good communication channels, etc.	The approach to collaboration with private sector co-financing partners is explained under the ?Leverage of systemic change through value chains? section of the Project Document. The co-financing commitments represent investments by the co-financing partners in activities aligned with the objectives of the project. During project implementation the focus will be to work together with the co-financing partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale. For a systemic approach to be effective, the project will aim to convene all of the most

Section/Annex	Comment	Response
GP-CP Links	We were pleased to see the comprehensive and systematic references to the FOLUR Global Platform in the organization chart and the description of activities and opportunities under component four. We see the linkages described to the global program in paragraph 368 and figure 34. Thanks for taking on board our guidance and for the additional good suggestions on how to work together. We can pick up these ideas and spread them around to other CPs as well. Paragraph 349 includes a number of areas where the GP can help with implementation and how the Indonesia CP can contribute to ?FOLUR-wide knowledge products.? This is a good concept and we will encourage other country projects to follow suit. You have proposed exchanges among countries in the region and certainly the GP will be looking for opportunities to support and expand those efforts.	Noted.
M&E	We saw that you have adopted strong M&E framework that is well connected to the overarching impact program framework and have proposed regular reporting and evaluations in line with what the Global Platform needs to roll up results for GEF regularly. Thank you for that.	Noted.

Section/Annex	Comment	Response
Technical Design.	On the technical side, the project plan seems well developed, although it is contemplating a very wide variety of tasks across a wide variety of landscapes. Cross fertilization from the palm oil experience into the other commodities seems like a good opportunity for streamlining and replication of what has worked, so again reducing some of the complexity.	The project will be building on previous (especially UNDP) experiences with oil palm and extending/adapting them to other commodities where applicable, but also (importantly) that it will not just be replicating these prior experiences but also moving on qualitatively ? enriching these existing models by inserting them into integrated landscape frameworks (moving from crop to landscape) and diversified farming systems (moving from crop to farm/livelihood) with broader consideration of GEBs and resilience (not only to CC but also to e.g. market vagaries and COVID-19 implications.

Section/Annex	Comment	Response
	Output 2 and specifically 2.2 and 2.3 on mapping and land-use planning are particularly ambitious. The focus on five district makes it slightly more feasible, but there have been spatial planning efforts in the past that did a lot of mapping and consultation without leading to much change on the ground (the political economy of business licensing?). I am sure with the change of government and better developed civil society and transparency, you will have good opportunities to learn from and improve on the past. There are also many good organizations with experience and history around spatial planning that you can draw on. If successful, this spatial planning approach offers good opportunities for replication to other districts and scaling across the country. On the proposed biodiversity and HCV mapping and assessments, I would think you would find that a lot of that work has been done over the years by conservation orgs, so assessing the availability might allow more resources for the needed outreach and consensus building.	The reason why the jurisdictional ILM plans are being developed at the provincial level instead of at the district level (and hence, land use planning for the five provinces) is due to the revised Forestry Law, which designates the mandate and authority over state forest areas under the Ministry of the Environment & Forestry, with management delegation to the provincial Forestry Office. The district governments have no authority over the state forest areas. The priority ecosystems are predominantly located within the state forests, especially the targeted ?improved management areas? (Core Indicator 4.1 and 4.4) under the FOLUR project, are all located within state forests. It is, therefore, imperative that the

Section/Annex	Comment	Response
Private Sector Financing	I was interested in activity 3.2.8 focused on financing and developing financing mechanisms in the private sector. As you know we have a related component in the Global Platform and we will appreciate the chance to learn together on this topic and share the results more widely across CPS and commodity platforms.	The description of Output 3.2, specifically in paragraph 300, has been amended with the following: Additional opportunities to link the project to blended finance will be developed through leverage of engagement with multi-lateral finance institutions such as the International Finance Corporation (IFC), which will be a core partner of the World Bank-led Global Platform.

Section/Annex	Comment	Response
Private Sector Standards	I also liked the discussion of grading of crops and products in output 4.2 to allow farmers to respond to the buyers? demand more effectively and potentially raise returns. It would be interesting here to consider phone-based applications that would help farmers, for example, take a picture of the crop and learn what grade it would receive, in the same way that we identify plants and birds. I would think mobile applications would also be helpful for the mapping and traceability work, drawing polygons around farms, etc.	The Open Innovation Challenge in Output 3.3 provides opportunities for strengthening and developing mobile applications. In fact, one of the stakeholders from a research institution indicated that they are working on using blockchain technology in oil palm traceability systems. The description of Outcome 4 has been amended with the following: Linkages with the Open Innovation Challenge in Output 3.3 will be explored, e.g., through promoting the use of mobile applications in traceability and grading systems.

Section/Annex	Comment	Response
Risks	As I read, I thought of some of the risks that you will face in terms of plans and policies that aren?t enforced, or provinces not making consistent progress, or issues of political economy or stakeholders who don?t want to be engaged. So I was pleased to see all of these risks enumerated in paragraph 374. You also noted the important challenge of getting all the actions coordinated and dovetailed with the existing governance processes in five different districts in five different provincial settings. It will be challenging for sure. Enumerating the risks is good, but it doesn?t make them go away?.	Project risks along with proposed mitigation measures are elaborated in the Risk Register in Annex 6 to the Project Document. The complexities of working in five jurisdictions across disparate landscapes is recognized, and a proactive risk management approach will be necessary for identifying and adapting to challenges and changing circumstances during the project implementation timeframe.
Safeguards	I was pleased to see the discussion of the ESMF and the GRM, which are common features of World Bank projects as well. And the discussion of a Gender-Safeguards specialist.	Noted.

Section/Annex	Comment	Response
Project Entity Role	There?s a statement on page 109: ?Where legal umbrella is not possible***, the project will push*** for a conservation agreement between the parties involved to implement the schemes.? This and a few other instances made me ask how you view the project. Is it an entity on its own acting independently, or is it really a function or arm of the government and the implementing agency? If it is embedded and not independent, then the advocacy and the pushing would/should come from the authorities at the appropriate levels, not really from ?the project.? If this understanding is correct, it may be helpful to clarify the language in a few places where the project comes through as an independent entity pushing for changes in Indonesian laws, etc.	Revision to the paragraph is shown below in yellow: The project will support the establishment of three social forestry schemes in the form of Customary Forest and Village Forest. The project will also coordinate and collaborate with governments to identify suitable legal umbrella for pilot schemes to ensure sustainability of the schemes. This could be in the form of a minister decree, governor decree or even a regent decree. Where legal umbrella is not possible, ~~the~~ project resources will be used to ~~push~~ support the district government in advocating for a conservation agreement between the parties involved to implement the schemes. Lastly, the project will support the initial resource mobilization

Section/Annex	Comment	Response
Gender	Annex 10 includes a comprehensive gender analysis and action plan, based on both secondary data as well as interviews and focus group discussions with women, mixed-gender and women-only groups in the project areas. It contains: - A good summary of relevant legislation and policies - A summary of gender-relevant programs for the project - Summary of social, environmental, SME, customary peoples/law and social forestry contexts for the project	Noted.
	The Gender Action plan follows GEF gender guidance re: closing gaps in access to and control over resources, improving women?s participation and decision-making; and social and economic benefits for services for women.	Noted.
	It includes actions/project activities to address these gaps under each of its 4 components. Table 4 contains a long list of indicative gender-responsive activities for each output. In addition, and uniquely, the plan also proposes promoting women?s empowerment, and the use of a tool/approach to be able to measure and report on progress (the A-WEAI).	Noted.

Section/Annex	Comment	Response
	Table 6 includes specific actions, indicators and targets. Roles and responsibilities are captured in Table 7. The budget includes funding for a Gender-Safeguards specialist, but other funding specific for training or assessments is not spelled out.	The terms of reference for the Gender-Safeguards Specialist includes overseeing, developing, and coordinating the implementation of the gender action plan (see Annex 7 to the Project Document). Output 7.2 includes implementation of the ESMP, the gender action plan, and other management plans on the project. The description of Activity No. 7.2.2 has been revised to highlight the implementation of the management plans.

Section/Annex	Comment	Response
	In the main document and RF (table 11), Core indicator 11 includes the gender of the direct beneficiaries. And many of the intermediate results indicators have a gender focus. This all lines up well with the FOLUR GP?s gender strategy and guidance. ? Improved access to technical support by smallholder farmers, as indicated by the following percentage increase in the numbers of farmers receiving regular technical support in relation to sustainable production and management: (a) 20% increase for oil palm farmers (of whom15% are women), (b) 20% for coffee farmers (of whom 50% are women), (c) 20% for cocoa farmers (of whom 50% are women), and (d) 20% rice farmers (of whom 50% are women). ? Strengthened implementation of sustainable value chains, as indicated USD 1 million of investments/finance leveraged for operationalisation of smallholder financing mechanisms, benefitting 500 smallholder households (at least 10% for each crop) in the project jurisdictions including 50 female-led households. ? Improved access to technical support by smallholder farmers, as indicated by the following percentage increase in the numbers of farmers receiving regular technical support in relation to sustainable production and management: (a) 20% increase for oil palm farmers (of whom15% are women), (b) 20% for coffee farmers (of whom 50% are women), (c) 20% for cocoa farmers (of whom 50% are women), and (d) 20% rice farmers (of whom 50% are women). ? Extent of participatory governance of priority ecosystems, as indicated by 20,000 ha covered by management plans with incentive mechanisms that are under implementation for inclusive conservation-restoration (such as social forestry, KEE scheme), benefitting 500 households (including 50 female-led households). ? Documentation of sustainable production and sustainable landscape management associated knowledge, as indicated by (a) 20 knowledge products (at least 5 highlighting gender mainstreaming), ? Livelihood diversification to reduce pressures on natural resources, as indicated by 3,000 people (of whom 60% are women) engaged in alternative livelihood activities (e.g., sustainable utilization of NTFPs, eco-tourism, processing of local foods, etc.).	Noted.

Section/Annex	Comment	Response
Further Gender Opportunities	The work with government and focus on inclusion, equitable participation and capacity strengthening/targeted training opportunities are all good. Beyond this, would it be possible to explore or initiate opportunities to work with private sector entities on gender outcomes that would take the engagement to a higher level (e.g., women?s empowerment certification, such as W+)? These are areas where the Global Platform could support this kind of experimentation.	The following has been added to the Gender Equality and Women?s Empowerment section of the Project Document and to the Gender Analysis and Action Plan (Annex 11): Gender issues will be also addressed within the context of strengthening ?sustainable production? practices, which include the social as well as environmental dimensions. Opportunities will be explored and/or initiated to work with private sector entities on gender outcomes that would take the engagement to a higher level (e.g., women?s empowerment certification, such as the W+ Standard).

Comment	Response	Project Document Reference

Comment	Response	Project Document Reference
GEF Secretariat comments to the Program Framework Document (PFD):		
Program Co-financing is 1:8 and investment mobilized is 1:5 , both of which are consistent with the ambition of the Co-Financing policy and guidelines. The co-financing amounts presented are underpinned by the information in the associated child project concepts. From these we note that investment mobilized is low in the following countries: China, Indonesia, Liberia, Malaysia, Tanzania, Vietnam	Of the cumulative total confirmed cofinancing (USD 132,510,462), USD 78,100,000 is in the form of investment mobilized, representing an approximate 1:5 ratio compared to the GEF grant funding. Securing co-financing from project partners has been challenging during the COVID-19 pandemic. At the time of submission of the CEO ER, consultations continued with additional private sector companies. Co-financing that materialises during project implementation will be tracked and reported at the midterm review and terminal evaluation.	Annex 21 to the Project Document (co-financing letters)
Alignment of indicator values. Hectares under 3 (restoration) and 4 (improved practices) yield CO2e benefits captured by sub-indicator 6.1. We recommendation looking at the CO2e per hectare value in different countries and check outliers (e.g. China, Cote d?Ivoire, Colombia, Ethiopia , Ghana, Indonesia). Seeing the assumptions made in the calculations and/or Ex-ACT tools would be very useful ? especially for the outliers. We would be very happy to review and provide comments and suggestions for any Ex-ACT files during the PPG phase.	The EX-ACT files and other calculations and assumptions supporting the estimates of GHG emissions mitigated are compiled into Annex 17 to the Project Document.	Annex 17 to the Project Document (Calculations of GEF 7 Core Indicator end targets)

Comment	Response	Project Document Reference
Baseline scenario. Multi-stakeholder coordination mechanisms and knowledge hubs at regional and global levels in which the countries participate should be identified (NYDF, TFA, EAT Lancet, etc.). These are crucial in supporting existing communities of practice and allowing the knowledge generated through the child projects to be channeled and to contribute to global knowledge resources on the effectiveness of FOLUR strategies, and will provide an important basis for inter-country collaboration, avoiding (or reducing) the need for the program to establish new mechanisms.	Facilitating multi-stakeholder collaboration is a central focus of the project. A systems leadership approach will be undertaken to build capacities for durable multi-stakeholder collaboration. Coordinating with regional and global mechanisms is outlined under the description of Output 3.2.	Outputs 1.2, 3.2 in the Project Document.

Comment	Response	Project Document Reference
Gender. While the PFD identifies entry points and opportunities for FOLUR to address relevant gender gaps, the information is very general and not connected to the context and ambition of FOLUR. Gender considerations should be mainstreamed into the four FOLUR components, outcomes, and indicators. Please provide more details on gender dimensions linked to the project context. This could include a reference in the description of the baseline scenario on the increasing number of commitments and initiatives aimed at promoting gender equality linked to the food value chain, or information related to challenges and opportunities smallholder farmers face e.g. gender dimension linked to cocoa, coffee, and rice value chains and the need to support and enable women?s contribution to the productivity, quality and sustainability of these chains. Finally, in the section on gender the opportunities outlined to include women in the design and implementation are very general and, while directly relevant to GEF?s new gender tags, they are not efficiently linked to the objective, components, and general framework of the IP.	An extensive gender analysis and action plan have been prepared to support the project, and gender mainstreaming objectives have been incorporated into the project design, including the indicators contained in the results framework.	Annex 11 to the Project Document (Gender Analysis and Action Plan)

Comment	Response	Project Document Reference
Private sector. While the private sector is mentioned often, the description of how the private sector will be engaged in the Program remains quite vague. It is not clear how the multinationals, national companies and platforms will be stimulated to expand their commitments to other commodities and geographies. Will this only rely on policy changes? In section 2 on stakeholders, the text doesn?t clearly explain how the private sector will be engaged in the program preparation, and their respective roles and means of engagement. In section 4 on private section engagement, important and relevant elements are provided such as the targeted stakeholders, the areas of intervention, the objectives to meet, the promotion of private and green financing (which should be built upon), the policy enhancement and the improved agricultural practices on the ground. Nevertheless, we don?t see clearly how this will be achieved. More detailed and engaging actions of and with the private sector are requested. Please indicate what the private sector co-financing be used for more concretely.	The approach to collaboration with private sector co-financing partners is explained under the ?Leverage of systemic change through value chains? section III of the Project Document. The co-financing commitments represent investments by the co-financing partners in activities aligned with the objectives of the project. During project implementation the focus will be to work together with the co-financing partners to co-convene companies more widely across the sector and through the value chain to develop multi-stakeholder partnerships that can deliver systemic solutions at landscape and jurisdictional scale. For a systemic approach to be effective, the project will aim to convene all of the most important private sector producers across the landscapes, along with the key buyers, to facilitate dialogue and collaboration between them. The broad areas around which greater collaboration is needed are identified in the Project Document. The specific activities need to be identified by the companies during the implementation phase so that there is shared ownership and genuine commitment to the initiatives that are generated. The approach to coordination of these activities also needs to be developed by the partners during implementation. The full-time Private Sector Engagement Specialist will be responsible for coordinating with the private sector to achieve this leverage, as well as the platforms, and knowledge management to ensure messages on project approaches are captured and communicated to private sector actors (and others) capable of scaling.	Project Document Section III (Strategy)
GEF Council Member comments to the Program Framework Document (PFD):		
Germany (28 June 2019):		

Comment	Response	Project Document Reference
The PIF does not adequately address some fundamental structural challenges of the conventional agricultural production system. Germany would like to request a more explicit analysis of the prevailing transformation challenges towards ecologically sound intensification in both small farming and industrial farming systems, as these substantially affect the described correlation between commodity production and deforestation. Germany suggests addressing these challenges with regard to the agricultural research system, extension system and incentive system more explicitly.	Conventional approaches to agricultural ?improvement? and to addressing the agriculture/environment nexus commonly focus on the promotion of specific crops and addressing agronomic management issues associated with them; and, in particular, on the intensification of their management based on the assumption that increasing the density/intensity of production will reduce the overall area needed, and therefore the area of forest removed, for agriculture. As stated in Section III of the ProDoc, the project recognises that such approaches risk i) reducing farmers? livelihood resilience, by increasing their dependence on a narrow range of options, many of which (especially in the case of globally traded commodities) are subject to major variability and uncertainty in relation to market availability and prices; and ii) triggering ?Jevons paradox? situations where improved per hectare productivity, and therefore profitability, leads to net increases in the area under production and in corresponding pressures on forests. The project will address and avoid these risks in two ways. Firstly, although the project will focus principally on the target crops and commodities, three of which (oil palm, coffee and cocoa) are exclusively cash crops, it will also consider how their production relates to the overall livelihood and food security strategies of the people living in the areas where they are produced. Emphasis will be placed on supporting producers in the application of agroecological diversified farming and livelihood systems, that integrate and balance the production of cash crops and food crops, non-agricultural economic activity, and off-farm income generation, with the aim of maximizing livelihood resilience, intra-family equity and social and environmental sustainability. In practical terms, this will be achieved through support to farmer field schools which, although principally focused on resolving specific issues raised by farmers, will be framed within and based on more general and integrated initial participatory analyses of farmers? livelihood and farming systems, with farmers being supported in analysing the overall livelihood implications of any proposed production/management solutions. The project will furthermore work to mainstream considerations of environmental sustainability and livelihood resilience, within the context of integrated, diversified farming systems, into the	Project Document Section III (Strategy)

Comment	Response	Project Document Reference
The text systematically narrows landscape ecosystem challenges down to forest resources. Consequently, the lack of conclusive regulatory frameworks on soils and targeted incentives for sustainable soil management are not addressed in the PIF. Germany would like to suggest, that the vital role of soil ecosystem services are more specifically spelled out in the program description and analysis of root causes, and to include GSP/FAO in the list of relevant stakeholders.	As explained in Section III of the ProDoc, the project will support an agroecological approach to farming systems. As defined by FAO (http://www.fao.org/3/ca7173en/ca7173en.pdf), agroecological approaches enhance the provisioning of ecosystem services, including pollination and soil health, upon which agricultural production depends. Agroecological diversification, which is one of the 10 key principles of agroecology, contributes to soil health by fostering soil management that minimizes soil erosion, enhances soil carbon storage, promotes soil nutrient balance and cycles, and preserves and enhances biodiversity, including soil biodiversity. Soil health is specifically referred to in this project in relation to its potential to generate global environmental benefits under the Land Degradation Focal Area (Section IV), by: - Reducing the decline of soil fertility (?nutrient mining?), through the application of integrated nutrient management practices. - Reducing the build-up of salts and chemical pollutants in the soil from excessive or inappropriate fertilizer and pesticide application. - Reducing soil erosion by providing for adequate soil cover and other runoff control measures. - Maintaining and promoting the functioning of beneficial biological processes in production systems and maintaining soil health (e.g. pest and disease control by beneficial insects, nutrient cycling), through the application of integrated pest management and conservation agricultural practices. The project will support the use of sustainability standards as benchmarks for on-farm management improvements and eligibility criteria for access to green value chains and incentives; the Good Agricultural Practices (GAP) set out in Table 20, and the SRP Standard for rice both include specific references to soil health.	Project Document Section III (Strategy)

Comment	Response	Project Document Reference
Furthermore, Germany would like to suggest stronger reference to Land Degradation Neutrality (SDG 15.3) targets and policies. The link of this PIF to the LDN conceptual framework (SPI/UNCCD) needs more systematic elaboration and should include an explicit reference to UNCCD as the custodian agency for SDG 15.3. The Economics of Land Degradation Initiative (ELD) and the Economics of Ecosystem Restoration by FAO should be taken into account in component 3.	The description of global environmental benefits in Section IV states that the project contributes to Land Degradation Neutrality (SDG 15.3) and specifically to Indonesia?s LDN targets (for example, one of its target provinces, North Sumatera, is identified as an LDN hotspot in the national LDN country report). As stated in Section III of the ProDoc, the integrated jurisdictional/landscape management approach of the project will be applied in accordance with the LDN conceptual framework and GEF STAP guidelines for LDN, considering land potential and land stratification, current land degradation status, resilience of current and proposed land uses, socioeconomic context, including assessment of gender equality and barriers to participation of women and youth, and cost-benefit analysis of proposed interventions.	Project Document Section III (Strategy: Integrated Jurisdictional-Landscape Management Approach); Section IV (Global Environmental Benefits).
United States (03 July 2019):		

Comment	Response	Project Document Reference
Gender. It is insufficiently clear how the program will incorporate actions that will address the institutional constraints on gender equity and women?s economic empowerment on the part of implementing partners (government agencies) and key stakeholders (non-gender oriented CSOs). For example, although the program expresses an interest in providing greater training of women and in increasing their number in leadership roles within groups supported by FOLUR, there is no mention of how government policies and practices (at the national or decentralized levels) will continue to support these initiatives upon the completion of the program cycle. There is also no mention of promoting gender sensitive procurement to encourage economic empowerment of women. Another concern is the gendered rates of literacy; if literacy rates are low, how will female small holder farmers be guided on how to read the labels of agro-chemical inputs so that applications can be applied in a safe and environmentally friendly manner? The issue of gendered literacy also extends to access to credit and land tenure (e.g. title deeds). What strategies are being considered to encourage best practices for measures to increase access to credit for female smallholder farmers and gender sensitive procurement? Finally, the sustainability/durability of interventions to incorporate gender equity and economic empowerment of women at the conclusion of the program cycle could be made clearer.	An extensive gender analysis and action plan have been prepared to support the project. In terms of sustaining the gender mainstreaming initiatives after project closure, the systems leadership approach integrated into the project design will help build capacities among key project stakeholders, including in regard to gender issues. The approved ILM plans will also have a gender dimension that will further facilitate sustained focus on making further progress towards achieving gender equality and women?s empowerment objectives.	Annex 11 to the Project Document (Gender Analysis and Action Plan)

Comment	Response	Project Document Reference
Additional questions. Given the demographic changes in much of Africa and Asia, how will the program address the various constraints (financial, legal, etc.) that impede the ability of youth (18-25 years) to access productive inputs such as land?	A separate output (5.4) has been included in the project design, to provide technical assistance to enable smallholder farmers achieve land tenure/legalization. Youth farmers will be included in the advisory support rendered under the project.	Project Document Section IV (Results and Partnerships), Output 5.4
Norway (26 June 2019):		
We welcome the proposed IP on Food Systems, Land Use and Restoration. We note that the program includes commodities as well as food crops ? challenges may be similar in some ways but are not always identical. Both agriculture itself and surrounding lands contain genetic resources for food and agriculture, a vital resource for resilient food production in coming years. It is therefore timely to focus on Food Systems and their effect on the environment. We would, however, like to be informed more in detail on how the program will ensure "adaptation benefits by creating more climate-resilient and disease-reliant plants" as stated on page 41 in the main document. We note that the issue of challenges for certain food crops due to climate change has also been brought up by the STAP in their review of this Program.	As part of the climate and disaster risk screening for the project, preliminary suitability analyses were made for the target commodities. These analyses will be elaborated in more detail as part of the ILM plans for the target jurisdictions during the implementation of the project.	Annex 12 to the Project Document (Climate and disaster risk screening)
Scientific and Technical Advisory Panel (STAP) comments (13 May 2019) to the Program Framework Document (PFD):		
Theory of change. While outcomes, longer-term outcomes and GEBs are clearly specified, the causal links at these levels are less explicit.	A project specific Theory of Change was developed for the project, with causal links described in the narrative explanation.	Theory of Change, Project Document

Comment	Response	Project Document Reference
Global environmental benefits. Little attention is devoted to trade-offs and possibly negative side effects, though social and environmental risks are mentioned in the risks section. There is little explicit attention to power dynamics, including potential winners and losers from the changes envisaged and how potential conflicts may be addressed.	Social and environmental risks were extensively assessed during project preparation, as documented in the Social and Environmental Screening Procedure (SESP).	Annex 5 (SESP) to the Project Document
Resilience to climate change. Climate resilience not addressed in detail, though mentioned in the section on risks. The proposed response to climate change is quite general at this level; more detail expected in development of country projects and in program-level monitoring and targeted capacity support functions.	A climate and risk screening analysis has been made and documented in Annex 12 to the Project Document. And the recommended actions identified in the screening have been integrated into the project strategy.	Annex 12 to the Project Document
Innovativeness. Emphasis is on policy and institutional innovations. More thinking about possible technological, financing, and business model innovations would be desirable, from which each country and the IP as a whole could benefit.	Under Output 3.1, the project will facilitate new and strengthened public private partnerships on sustainable and resilient production and farming systems. Moreover, an Open Innovation Challenge (Output 3.3) has been designed to encourage and facilitate technological, financing, and business model innovations.	Outputs 3.1 and 3.2, under Component 2 in the Project Document.

Comment	Response	Project Document Reference
Gender equality and women?s empowerment. Gender sensitive indicators are missing ? but dimensions above indicate a suitable framework. Consider applying indicators and measurement protocols of Women?s Empowerment in Agriculture Index (WEAI).	Following some of the approaches advocated by the International Food Policy Research Institute (IFPRI), the project aims to promote women?s empowerment in agriculture. As part of the environmental and social impact assessments (ESIA) that are planned to be carried out in the project landscapes at project inception, baseline surveys of women?s empowerment in agriculture will be made using the relevant sections of the index developed by IFPRI (the adapted Women?s Empowerment in Agriculture Index is presented in the project Gender Analysis and Action Plan). According to the results of the baseline surveys, specific actions will be incorporated into the environmental and social management plan (ESMP) in order to strengthen women?s empowerment in agriculture, and follow-up surveys will be made at the end of the project to assess achievements made.	Annex 11 to the Project Document (Gender Analysis and Action Plan)
Risks. While generic policy and governance risks are noted, there is inadequate explicit attention to political and economic interests that could (and are likely to) oppose desired changes.	Political, economic and other risks have been extensively analysed, and management and mitigation measures formulated.	Annex 6 to the Project Document (Risk Register)
Risks: sensitivity to climate change. No climate impact assessment is presented; only the possibility of climate change impacts on productivity and resilience is alluded to. Since impacts will be region and location-specific, climate impact assessment and response strategies will need to be developed in the country projects.	As part of the climate and disaster risk screening for the project, preliminary suitability analyses were made for the target commodities. These analyses will be elaborated in more detail as part of the ILM plans for the target jurisdictions during the implementation of the project.	Annex 12 to the Project Document (Climate and disaster risk screening)

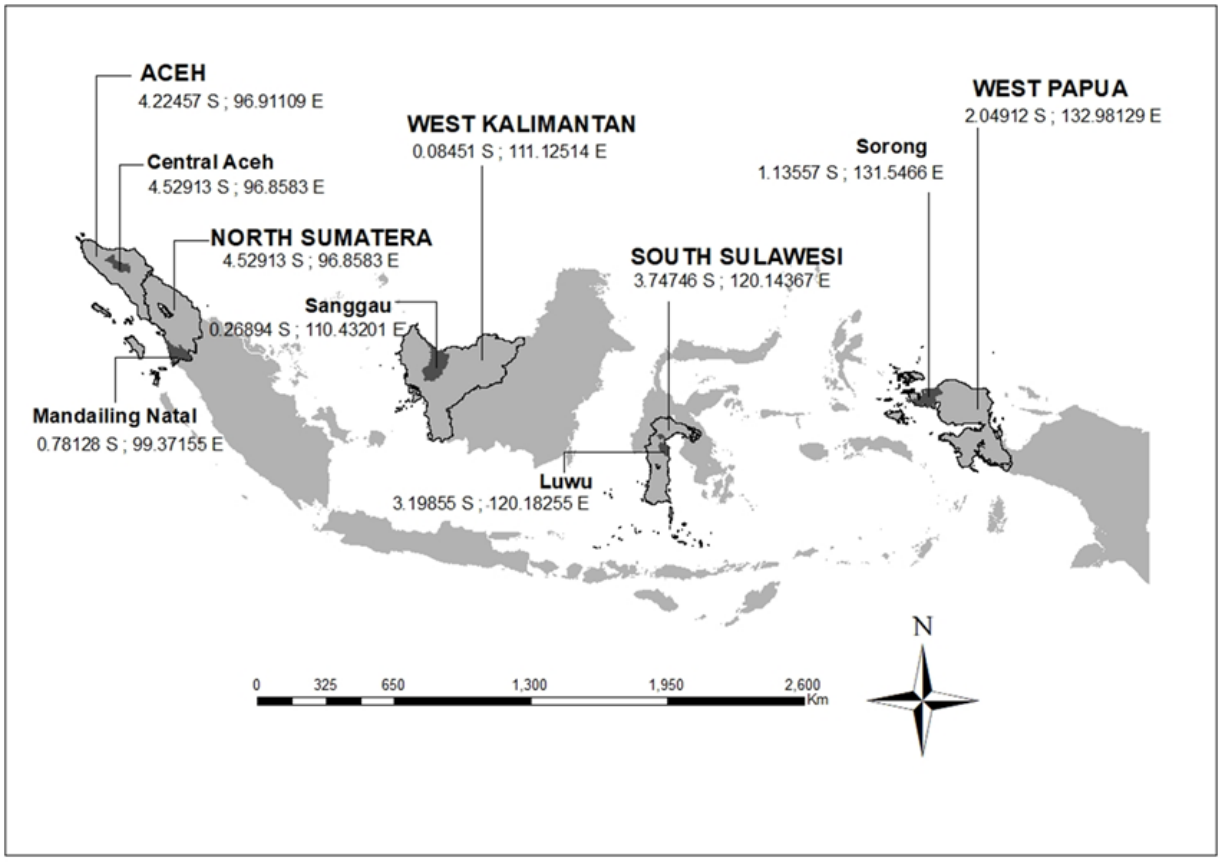
ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:

Project Preparation Activities Implemented	*GETF/LDCF/SCCF Amount ($)*		
	Budgeted Amount	***Amount Spent To date***	***Amount Committed***
Component A: Preparatory Technical Studies & Reviews	110,000	72,604.50	37,395.50
Component B: Formulation of the UNDP-GEF Project Document, CEO Endorsement Request, and Mandatory and Project Specific Annexes	100,000	66,004.09	33,995.91
Component C: Validation Workshop and Report	90,000	59,403.68	30,596.32
Total	300,000	198,012.28	101,987.72

ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

The project map showing target jurisdictions and geocoordinates is included in **Annex E**.



Geo-referenced information:

1) Aceh: 4,224556 S; 96.91109 E

2) Central Aceh: 4.52913 S; 96.8583 E

3) North Sumatera: 4.52913 S; 96.8583 E

4) West Kalimantan: 0.08451 S; 111.12514 E

5) Sanggau: 0.26894 S; 110.43201 E

6) South Sulawesi: 3.74746 S; 120.14367 E

7) Luwu: 3.19855 S; 120.18255 E

8) West Papua: 2.04912 S; 132.98129 E

9) Sorong: 1.12557 S; 131.5466 E

ANNEX E: Project Budget Table

Please attach a project budget table.

Annex 1: Indicative GEF Project Budget (UNDP)

Expenditure Category	Detailed Description	Component (USDeq.)										Total (USDeq.)	Responsible Entity
		Component 1		*Component 2*			*Component 3*	*Component 4*	*Sub-Total*	*M&E*	*PMC*		Executing Entity receiving funds from the GEF Agency
		Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7					
Works									0			0	
Goods	IT equipment, Outcome 4	0	0	0	22,000			0	22,000	0	0	22,000	CMEA
	IT equipment, Outcome 7							31,510	31,510	0	0	31,510	CMEA
	IT equipment PMU, UNDP	0	0	0	0			0	0	0	16,449	16,449	UNDP
	Communication & AV equip, PMU	0	0	0	0			0	0	0	5,000	5,000	UNDP
Vehicles		0	0	0	0			0	0	0	0	0	
Grants/ Sub-grants	Low-value grants, Outcome 3	0	0	795,000	0			0	795,000	0	0	795,000	CMEA
Revolving funds/ Seed funds / Equity		0	0	0	0			0	0	0	0	0	
Sub-contract to executing partner/ entity		0	0	0	0			0	0	0	0	0	
Contractual Services – Individual	National Project Manager	0	0	0	0			0	0	0	302,400	302,400	UNDP (Y1), CMEA (Y2-6)
	Finance Associate	0	0	0	0			0	0	0	132,480	132,480	UNDP (Y1), CMEA (Y2-6)
Contractual Services – Company	Systems leadership training	300,000	0	0	0			0	300,000	0	0	300,000	UNDP
	FPIC process	40,000	0	0	0			0	40,000	0	0	40,000	CMEA
	Strategy/business model for embedding palm oil platform	10,000	0	0	0			0	10,000	0	0	10,000	CMEA
	Sustainable action plans	210,000	0	0	0			0	210,000	0	0	210,000	CMEA
	Policy assessment tools	50,000	0	0	0			0	50,000	0	0	50,000	CMEA
	HCV/HCS analyses, maps	0	650,000	0	0			0	650,000	0	0	650,000	CMEA
	ILM planning, TSA scenarios, etc.	0	550,000	0	0			0	550,000	0	0	550,000	CMEA
	Develop zoning frameworks	0	250,000	0	0			0	250,000	0	0	250,000	CMEA
	District zoning maps, consultations for mainstreaming	0	150,000	0	0			0	150,000	0	0	150,000	CMEA
	Communication to farmers on finance mechanisms	0	0	50,000	0			0	50,000	0	0	50,000	CMEA
	Administering accelerator grants	0	0	25,000	0			0	25,000	0	0	25,000	CMEA
	Develop/disseminate KM on PPP, Innovation Challenge, etc.	0	0	50,000	0			0	50,000	0	0	50,000	CMEA
	Develop/administer Open Innovation Challenge	0	0	75,000	0			0	75,000	0	0	75,000	CMEA
	Traceability development and training	0	0	0	345,000			0	345,000	0	0	345,000	CMEA
	Develop/disseminate KM on grading	0	0	0	5,000			0	5,000	0	0	5,000	CMEA
	ESIA/SESA, develop ESMP other safeguard plans	0	0	0	0			150,000	150,000	0	0	150,000	CMEA
	Develop impact evaluation process	0	0	0	0			30,000	30,000	0	0	30,000	CMEA
	KM service provider	0	0	0	0			165,000	165,000	0	0	165,000	CMEA
		0	0	0	0			0	0	0	0	0	
International Consultants	Policy Specialist	120,000	0	0	0			0	120,000	0	0	120,000	CMEA
	Facilitation Specialist, Outcome 1	105,000	0	0	0			0	105,000	0	0	105,000	CMEA
	Facilitation Specialist, Outcome 7							135,000	135,000			135,000	CMEA
	Multi-Stakeholder Collaboration Specialist, Outcome 1	90,000	0	0	0			0	90,000	0	0	90,000	CMEA
	Multi-Stakeholder Collaboration Specialist, Outcome 2		60,000						60,000			60,000	CMEA
	Multi-Stakeholder Collaboration Specialist, Outcome 7							45,000	45,000			45,000	CMEA
	Resource Economist-Finance Specialist	0	60,000	60,000	30,000			0	150,000	0	0	150,000	CMEA
	Private Sector Engagement Specialist	30,000	0	180,000	45,000			45,000	300,000	0	0	300,000	CMEA
	Midterm Reviewer	0	0	0	0			0	0	36,000	0	36,000	UNDP
	Terminal Evaluator	0	0	0	0			0	0	36,000	0	36,000	UNDP
	Safeguards Specialist	0	0	0	0			55,000	55,000	5,000	0	60,000	UNDP
									0			0	
Local Consultants	Chief Technical Advisor	21,000	46,200	25,200	37,800	56,700	27,300	35,600	249,800	40,000	0	289,800	UNDP (Y1), CMEA (Y2-6)
	Private Sector Engagement Specialist	32,000	9,600	83,200	17,600	44,800	9,600	14,400	211,200	0	0	211,200	UNDP (Y1), CMEA (Y2-6)
	Gender-Safeguards Officer	5,000	0	2,500	0	37,500	27,500	65,000	137,500	35,000	0	172,500	CMEA
	Policy-Institutional Capacity Development Specialist	102,400	51,200	9,600	0	16,000	16,000	16,000	211,200	0	0	211,200	CMEA
	Stakeholder-Partnership Officer	102,400	51,200	9,600	0	16,000	16,000	16,000	211,200	0	0	211,200	CMEA
	M&E-KM Specialist	10,000	15,000	7,500	7,500	12,500	12,500	80,000	145,000	20,000	0	165,000	UNDP (Y1), CMEA (Y2-6)
	Subnational Coordinator-ILM Specialist	6,400	32,000	25,600	54,400	64,000	16,000	12,800	211,200	0	0	211,200	CMEA
	Provincial Coordinators	25,000	85,000	35,000	25,000	75,000	60,000	25,000	330,000	0	0	330,000	CMEA
	District Coordinators	25,000	85,000	35,000	25,000	75,000	60,000	25,000	330,000	0	0	330,000	CMEA
	Policy Consultant	157,500	0	0	0			0	157,500	0	0	157,500	CMEA
	Government Liaison Consultant	35,000	105,000	21,000	28,000			131,250	320,250	0	0	320,250	CMEA
	Interpreter-Translator	38,500	21,000	21,000	7,000			59,500	147,000	0	0	147,000	CMEA
	Facilitation Consultant	0	148,750	0	0			0	148,750	0	0	148,750	CMEA
	NRM Consultant	70,000	201,250	21,000	0			0	292,250	0	0	292,250	CMEA
	Resource Economist-Finance Consultant	0	0	105,000	0			0	105,000	0	0	105,000	CMEA
	Business Development Consultant	0	0	143,500	0			0	143,500	0	0	143,500	CMEA
	Commodities Consultant	0	0	0	17,500			0	17,500	0	0	17,500	CMEA
	Midterm Reviewer, national	0	0	0	0			0	0	24,000	0	24,000	UNDP
	Terminal Evaluator, national	0	0	0	0			0	0	24,000	0	24,000	UNDP
	M&E-Safeguards Consultant(s)	0	0	0	0			41,500	41,500	25,000	0	66,500	CMEA
	Gender Consultant	0	0	0	0			35,000	35,000	0	0	35,000	CMEA
									0	0	0	0	
Salary and benefits / Staff costs									0	0	0	0	
Trainings, Workshops, Meetings	Trainings, Workshops, Meetings, O1	282,000	0	0	0			0	282,000	0	0	282,000	CMEA
	Trainings, Workshops, Meetings, O2		550,000						550,000			550,000	CMEA
	Trainings, Workshops, Meetings, O3			75,000					75,000			75,000	CMEA
	Trainings, Workshops, Meetings, O4				108,000				108,000			108,000	CMEA
	Trainings, Workshops, Meetings, O7							510,000	510,000			510,000	CMEA
	Inception workshop	0	0	0	0			0	0	10,000	0	10,000	UNDP
Travel	Travel, Outcome 1	392,500	0	0	0			0	392,500	0	0	392,500	CMEA
	Travel, Outcome 2		113,000						113,000			113,000	CMEA
	Travel, Outcome 3			55,000					55,000			55,000	CMEA
	Travel, Outcome 4				58,000				58,000			58,000	CMEA
	Travel, Outcome 7							489,275	489,275			489,275	CMEA
	Travel, M&E							0	0	62,725		62,725	CMEA
	Travel PMU, UNDP	0	0	0	0	0	0	0	0	0	10,000	10,000	UNDP
Office Supplies									0			0	
Other Operating Costs	Audiovisual prod. Costs	0	0	0	0			166,000	166,000			166,000	CMEA
	Professional services (audits)	0	0	0	0	0	0	0	0	0	48,000	48,000	UNDP
	Direct project costs	0	0	0	0	0	0	0	0	0	64,440	64,440	UNDP
Grand Total		**2,259,700**	**3,234,200**	**1,909,700**	**832,800**	**397,500**	**244,900**	**2,378,835**	**11,257,635**	**317,725**	**578,769**	**12,154,129**	

[1] In exceptional cases where GEF Agency receives funds for execution, Terms of Reference for specific activities are reviewed by GEF Secretariat

Annex 1: Indicative GEF Project Budget (FAO)

Expenditure Category	Detailed Description	Component (USDeq.)										Total (USDeq.)	Responsible Entity
		Component 1		*Component 2*			*Component 3*	*Component 4*	*Sub-Total*	*M&E*	*PMC*		Executing Entity receiving funds from the GEF Agency
		Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7					
Works									0			0	
Goods	IT equipment, Outcome 6						50,000		50,000			50,000	MoEF
	IT equipment PMU, FAO					0	0		0		5,165	5,165	FAO
Vehicles						0	0		0			0	
Grants/ Sub-grants	Low-value grants, Outcome 5					375,000			375,000			375,000	MoA
	Low-value grants, Outcome 6						250,000		250,000			250,000	MoEF
Revolving funds/ Seed funds / Equity						0	0		0			0	
Sub-contract to executing partner/ entity						0	0		0			0	
Contractual Services – Individual	Project Assistant					0	0		0		79,200	79,200	FAO (Y1), CMEA (Y2-6)
	Procurement Clerk					0	0		0		79,200	79,200	FAO (Y1), CMEA (Y2-6)
Contractual Services – Company	Analyze interventions for smallholder farmers					250,000	0		250,000			250,000	MoA
	Deliver capacity building to extension services					370,000	0		370,000			370,000	MoA
	Deliver capacity building to smallholder farmers					450,700	0		450,700			450,700	MoA
	Advisory support for land legalization					75,000	0		75,000			75,000	MoA
	Develop management plans					0	399,456		399,456			399,456	MoEF
	Develop/disseminate KM on conservation-restoration					0	25,000		25,000			25,000	MoEF
	Develop social forestry plans, facilitate implementation, M&E					0	650,000		650,000			650,000	MoEF
	GIS, drone surveys					0	125,000		125,000			125,000	MoEF
	Capacity building for collaborative governance					0	150,000		150,000			150,000	MoEF
	Terminal report								0			0	FAO
	Spot checks of Operational Partner Agreements					0	0		0	6,550	24,750	31,300	FAO
International Consultants	Commodities-Agricultural Specialist					210,000	0		210,000			210,000	MoA
									0			0	
Local Consultants	Farming Systems-Livelihoods-NRM Specialist	6,400	32,000	25,600	54,400	64,000	16,000	12,800	211,200	0	0	211,200	FAO (Y1), CMEA (Y2-6)
	Government Liaison Consultant					0	49,000		49,000			49,000	MoEF
	Interpreter-Translator					38,500	0		38,500			38,500	MoA
	Community Develop. Consultant					28,000	0		28,000			28,000	MoA
									0			0	
Salary and benefits / Staff costs									0			0	
Trainings, Workshops, Meetings	Trainings, Workshops, Meetings, O5					20,000			20,000			20,000	MoA
	Trainings, Workshops, Meetings, O6						35,000		35,000			35,000	MoEF
Travel	Travel, Outcome 5					56,912			56,912			56,912	MoA
	Travel, Outcome 6						41,000		41,000			41,000	MoEF
	Travel PMU, FAO					0	0		0		5,000	5,000	FAO
Office Supplies									0			0	
						0	0		0			0	
Grand Total		6,400	32,000	25,600	54,400	1,938,112	1,790,456	12,800	3,859,768	6,550	193,315	4,059,633	

[1] In exceptional cases where GEF Agency receives funds for execution, Terms of Reference for specific activities are reviewed by GEF Secretariat

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit an finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agencys is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement

with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies? capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).