



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes



THE WORLD BANK

## **Jambi Emission Reduction Program (JERP) – Indonesia:**

**Benefit Sharing Plan (BSP)**

**Advanced Draft 2.0**

Deliverable 2.1

**Ministry of Environment and Forestry, Republic of Indonesia**  
and  
**Government of Jambi province**

**Directorate General of Climate Change Control  
Ministry of Environment and Forestry  
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Benefit Sharing Plan (BSP)

Jambi Emission Reduction Program (JERP)

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## Table of Contents

|        |   |    |
|--------|---|----|
| 1.     | Introduction .....  | 6  |
| 1.1.   | Background.....   | 6  |
| 1.2.   | Objectives.....   | 7  |
| 1.3.   | Scope of Work .....   | 8  |
| 1.4.   | Principles of BSP .....   | 9  |
| 1.5.   | Regulatory and Policy Foundation .....  | 10 |
| 1.6.   | High-Level Summary of RBP allocation and Benefits Sharing Mechanism .....                                 | 12 |
| 1.6.1. | Beneficiaries and RBP Allocation .....  | 12 |
| 1.6.2. | Benefits Sharing Mechanism .....  | 16 |
| 2.     | The Institutional Arrangements for Benefit Sharing Mechanism.....   | 18 |
| 2.1.   | Responsibilities and Authorities.....   | 18 |
| 2.1.1. | Central Government: Steering Committee (SC) and Ditjen PPI-KLHK .....                                     | 19 |
| 2.1.2. | IEF.....  | 21 |
| 2.1.3. | Provincial Government and Subnational Project Management Unit (SPMU)...                                   | 22 |
| 2.1.4. | Implementation Institution / LEMTARA .....  | 23 |
| 2.1.5. | District/City Governments .....   | 24 |
| 2.1.6. | Management Units and Sub-Districts .....  | 25 |
| 3.     | Benefit Sharing Mechanism .....   | 27 |
| 3.1.   | Beneficiary Identification .....  | 27 |
| 3.1.1. | Identification of Villages or Community Groups for Performance and Socio-Economic Allocation.....         | 35 |
| 3.1.2. | Identifying Companies for Performance Allocation .....  | 39 |
| 3.1.3. | Identification of Civil Society Organizations and Universities for Supporting Activities Allocation ..... | 42 |
| 3.1.4. | Estimation of eligible beneficiaries .....  | 44 |
| 3.2.   | Determination of Benefit Allocation .....   | 45 |
| 3.2.1. | Performance Allocation .....  | 46 |
| 3.2.2. | Social-Economic Incentive Allocation .....  | 50 |
| 3.2.3. | Allocation of Supporting Activities .....   | 51 |
| 3.3.   | Benefit Distribution .....  | 51 |
| 3.4.   | Use of Benefits .....   | 53 |
| 3.4.1. | Beneficiary proposal preparation and review. ....   | 54 |
| 4.     | Environmental and Social (E&S) Risk Management (Safeguards) for Benefit Sharing Mechanism.....            | 58 |
| 4.1.   | Mechanism and Application of E&S Risk Management (Safeguards).....  | 62 |

|   |    |
|---|----|
| 4.2. E&S Risk Management Monitoring and Evaluation .....                          | 67 |
| 5. Mechanism and Implementation of Gender Equity and Social Inclusion (GESI)..... | 68 |
| 6. Monitoring, Evaluation, and Reporting Mechanism .....                          | 74 |
| 7. Stakeholder Engagement Plan.....   | 77 |
| 7.1. Recapitulation of Consultation and Deliberation .....                        | 77 |
| 7.2. Stakeholder Engagement Plan .....  | 90 |

## Abbreviations

|            |   |
|------------|---|
| APBD       | Anggaran Pendapatan Belanja Daerah ( <i>Regional Revenue and Expenditure Budget</i> )   |
| APBN       | Anggaran Pendapatan Belanja Nasional ( <i>National Revenue and Expenditure Budget</i> ) |
| APL        | Areal Penggunaan Lain ( <i>Land for other purposes</i> )                                |
| BAPPEDA    | Badan Perencanaan Pembangunan Daerah ( <i>Regional Development Planning Agency</i> )    |
| BAPPENAS   | Badan Perencanaan Pembangunan Nasional ( <i>National Development Planning Agency</i> )  |
| BioCF-ISFL | BioCarbon Fund Plus Initiative for Sustainable Forest Landscapes                        |
| BLU        | Badan Layanan Umum ( <i>Public Service Agency</i> )                                     |
| IEF        | Badan Pengelolaan Dana Lingkungan Hidup ( <i>Indonesian Environmental Fund Agency</i> ) |
| BSM/BSP    | <i>Benefit Sharing Mechanism/Benefit Sharing Plan</i>                                   |
| CBFM       | <i>Community-Based Forest Management</i>  |
| CSO        | <i>Civil Society Organization</i>   |
| DGCC       | <i>Directorate General of Climate Change</i>  |
| DPRD       | Dewan Perwakilan Rakyat Daerah ( <i>Regional House of Representative</i> )              |
| ER         | <i>Emission Reduction</i>   |
| ERCs       | <i>Emission Reduction Credits</i>   |
| ERPD       | <i>Emission Reductions Program Document</i>   |
| ERPA       | <i>Emission Reductions Purchase Agreement</i>   |
| ESMF       | <i>Environmental and Social Management Framework</i>                                    |
| FGD        | <i>Focus Group Discussion</i>   |
| FGRM       | <i>Feedback and Grievance Redress Mechanism</i>   |
| FIP        | <i>Forest Investment Program</i>  |
| FMU        | <i>Forest Management Unit</i> (Kesatuan Pengelolaan Hutan, KPH)                         |
| FPIC       | <i>Free and Prior Informed Consent</i>  |
| FREL       | <i>Forest Reference Emission Level</i>  |
| FRL        | <i>Forest Reference Level</i>   |
| FSC        | <i>Forest Stewardship Council</i>   |
| GGP        | <i>Green Growth Plan</i> (Rencana Pertumbuhan Hijau)                                    |
| GHG        | Greenhouse Gases (GRK: Gas Rumah Kaca)  |
| Gol        | Government of Indonesia   |
| HCV        | High Conservation Value   |
| HCVF       | High Conservation Value Forest  |
| HD         | Hutan Desa ( <i>Village Forest</i> )  |

|            |   |
|------------|---|
| HKm        | Hutan Kemasyarakatan ( <i>Community Forestry</i> )  |
| HL         | Hutan Lindung ( <i>Protection Forest</i> )  |
| HP         | Hutan Produksi ( <i>Production Forest</i> )   |
| HPH        | Hak Pengusahaan Hutan ( <i>Logging Concession</i> )   |
| HPT        | <i>Limited Production Forest</i> (Hutan Produksi Terbatas)  |
| HTI        | <i>Industrial Timber Plantation</i> (Hutan Tanaman Industri)  |
| HTR        | <i>Community Plantation Forest</i> (Hutan Tanaman Rakyat)   |
| IEF        | <i>Indonesian Environment Fund</i> (Badan Pengelola Dana Lingkungan <i>Hidup</i> )  |
| IPCC       | <i>Intergovernmental Panel on Climate Change</i>  |
| ISFL       | <i>Initiative for Sustainable Forest Landscape</i>  |
| ISPO       | <i>Indonesian Sustainable Palm Oil</i>  |
| IUPHHK-HA  | Izin Usaha Pemanfaatan Hasil Hutan Kayu – Hutan Alam ( <i>Business Permit for Timber Forest Product Utilization – Natural Forest</i> )            |
| IUPHHK-HT  | Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman ( <i>Business Permit for Utilization of Forest Plantation Timber</i> )                 |
| IUPHHK-HTR | Izin Usaha Pemanfaatan Hasil Hutan Kayu pada Hutan Tanaman Rakyat ( <i>Utilization License Forest Products from Community Forest Plantation</i> ) |
| IUPHHK-RE  | Izin Usaha Pemanfaatan Hasil Hutan Kayu Restorasi Ekosistem ( <i>Product Utilization License Timber Forest Ecosystem Restoration</i> )            |
| JERP       | <i>Jambi Emission Reductions Program</i>  |
| KLHK       | Kementerian Lingkungan Hidup dan Kehutanan ( <i>Ministry of Environment and Forestry</i> )  |
| KPH        | Kesatuan Pengelolaan Hutan ( <i>Forest Management Unit</i> )  |
| NGO        | <i>Non-Government Organization</i>  |
| Lol        | <i>Letter of Intent</i>   |
| MAR        | <i>Monitoring, Analysis and Reporting</i>   |
| MoEF       | <i>Ministry of Environment and Forestry</i>   |
| MoHA       | <i>Ministry of Home Affairs</i>   |
| MoU        | <i>Memorandum of Understanding</i>  |
| MRV        | <i>Measurement Reporting and Verification</i>   |
| NDC        | <i>Nationally Determined Contribution</i>   |
| NGO        | <i>Non-Government Organization</i>  |
| NTFP       | <i>Non-Timber Forest Product</i>  |
| OPD        | Organisasi Pemerintah Daerah ( <i>Provincial Government Organization</i> )  |
| PHPL       | Pengelolaan Hutan Produksi Lestari (SFM: <i>Sustainable Production Forest Management</i> )  |
| PPI        | (Direktorat Jenderal) Pengendalian Perubahan Iklim (DG of Climate Change)   |
| RAD-GRK    | Rencana Aksi Daerah Penurunan Emisi Gas Rumah Kaca ( <i>Regional Action Plans to Reduce Greenhouse Gases</i> )                                    |
| RBP        | <i>Result Based Payment</i>   |
| REDD+      | <i>Reducing Emission from Deforestation and Forest Degradation</i>  |
| REL        | <i>Reference Emission Level</i>   |
| RIL        | <i>Reduced Impact Logging</i>   |
| RPHJP      | Rencana Pengelolaan Hutan Jangka Panjang ( <i>Provincial Long Term Forest Development Plan</i> )  |
| RPJMD      | <i>Rencana Pembangunan Jangka Menengah Daerah</i> (Provincial Mid Term Development Plan)  |
| RSPO       | <i>Roundtable for Sustainable Palm Oil</i>  |
| RTRW       | Rencana Tata Ruang Wilayah ( <i>Regional Spatial Plans</i> )  |

|             |   |
|-------------|---|
| SEKDA       | Sekretaris Daerah ( <i>Provincial Secretary</i> )   |
| SESA        | <i>Strategic Environmental and Social Assessment</i>  |
| SKPD        | Satuan Kerja Perangkat Daerah ( <i>Regional and Local Government Agencies</i> )                     |
| SRAP – REDD | Strategi Rencana Aksi Provinsi - REDD ( <i>REDD Strategy and Action Plans at Provincial Level</i> ) |
| SRN-PPI     | <i>National System Registry of the Directorate General of Climate Change, the MoEF</i>              |
| SVLK        | <i>Timber Legality Verification Standard</i>  |
| UNFCCC      | <i>United Nations Framework Convention on Climate Change</i>  |
| UU          | <i>Constitution or Law</i>  |

## 1. Introduction

### 1.1. Background

In March 2017, the Government of Indonesia (GoI) and BioCF-ISFL entered into an agreement to initiate a jurisdictional program in the province of Jambi, to promote and incentivize the reduction of Greenhouse Gas (GHG) emissions and enhance carbon sequestration through improved landscape management<sup>1</sup>. In 2021, the program transitioned into the pre-investment phase under the Jambi Sustainable Landscape Management Project (J-SLMP), supported by a grant of 13.5 million USD. The J-SLMP is anticipated to conclude in 2025, with the overarching goal of enhancing sustainable landscape management to reduce land-based greenhouse gas emissions in specific locations within Jambi.

The Jambi Emissions Reduction Program (JERP) is designed to address the causes of deforestation and forest degradation in Jambi Province. As codified in the Emissions Reduction Program Document (ERPD), the Government of Indonesia (GoI) plans to generate 14 million tCO<sub>2</sub>e of emission reductions, for which it will receive a Result-based Payment (RBP) of up to 70 million USD from BioCF ISFL.<sup>2</sup>

The major drivers of deforestation and forest degradation in Jambi Province, as identified through an analysis of forest cover changes from 2006 to 2018, include planted forests, plantations, agriculture, encroachment of agricultural activities into forested areas, unauthorized land clearing, excessive logging, and illegal logging. JERP, as a government program, aims to mitigate these issues to achieve provincial emissions reduction targets, aligning with the 2021-2026 Medium-Term Development Plan (RPJMD) of Jambi Province and the Green Growth Plan (GGP).

Covering the entire land area of Jambi Province, totaling 4.9 million hectares, including 2.1 million hectares of state forest land and 0.9 million hectares of Forest Area for Other Purposes (APL) with trees in 2021, JERP seeks to reduce emissions by 19 million tons of CO<sub>2</sub>e during the RBP period from July 1, 2020, to June 30, 2025.<sup>3</sup>

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<sup>1</sup> To facilitate the implementation of this initiative, a BioCF-ISFL Preparation Grant of 1.5 million USD was awarded to the GoI between 2017 and 2020, aimed at creating the necessary conditions for the jurisdiction-based emission reduction program. This is called the Jambi Sustainable Landscapes Management Program (JSLMP)

<sup>2</sup> Total value/volume of ERPA are subject to ERPA negotiations.

<sup>3</sup> Total amount of verified emission reductions to be purchased and reporting periods are subject to ERPA negotiation.

The Emission Reduction Program Document (ERPD) proposes a two-installment payment plan for the verified emission reductions (ERC) to be purchased by BioCF-ISFL. The first payment (RBP) is suggested for December 2023, covering emission reductions from July 1, 2020, to June 30, 2022, as per the National Forest Monitoring System (NFMS) period. The second payment (RBP) is proposed for December 2026, based on emission reductions during the monitoring period from July 1, 2022, to June 30, 2025.<sup>4</sup>

This Benefit Sharing Plan (BSP) is the primary document providing operational guidance on allocation of the RBP, consistent with the ERPD. It outlines the legal, financial and operational mechanisms for allocating, channeling, and accounting for the full RBP. This includes detailing the eligibility of beneficiary groups, and responsibilities of Indonesian Government agencies for managing funds and channeling payments.

The BSP, derived from the ERPD, aims to transparently allocate and invest payments for verified emission reductions to government and non-government stakeholders in Jambi Province, and government agencies responsible for funds and program management at national level. The objective of the BSP is to ensure that those affected by and contributing to emission reduction objectives can benefit from Result-based Payments (RBP), while also incentivizing further sustainable and low-emissions land management practices in the future. Complementing the broader Jambi Green Growth Plan (GGP), the emission reduction payments will be supplemented by other funding sources and actions to achieve overall green growth objectives in Jambi.

Transparency and inclusivity are paramount in the design of the BSP document, with a concerted effort to intensify stakeholder engagement and address the interests and needs of diverse beneficiaries. The benefit-sharing mechanisms delineated in this document are the outcome of an extensive process involving rigorous consultations and discussions with stakeholders at both national and Jambi levels. The finalization of the BSP and its derivative, the Project Implementation Manual (PIM), has adhered to principles that prioritize regular communication and consultation with parties affected by JERP. This approach ensures that the benefit-sharing mechanisms are well-informed by the input and perspectives of a broad range of stakeholders involved in or impacted by the Jambi Emission Reduction Program.

## 1.2. Objectives

The primary purpose of this Benefit Sharing Plan (BSP) is to ensure that those affected and contributing to emission reduction objectives can benefit from Result-based Payments (RBPs). It also aims to incentivize further sustainable and low-emissions land management practices in future.

This document aims to serve as a comprehensive reference for key stakeholders, including:

- The Central Government, particularly the Directorate General of Climate Change Control, Ministry of Environment and Forestry (Ditjen PPI-KLHK)—the Responsible Entity for REDD+ at the national level.
- The Government of Jambi, specifically the Provincial Technical Committee (PTC) and Subnational Project Management Unit (SNPMU),
- Other subnational agencies, including Forest Management Units (FMU / KPH), and Conservation Units

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<sup>4</sup> Subject to ERPA negotiations.

- Eligible beneficiaries.

The document aims to guide, in an effective, efficient, and equitable manner, the allocation, channeling, and utilization of benefits arising from the RBPs of the Jambi Emission Reduction Program (JERP).

The specific objectives outlined for drafting this BSP document are as follows:

- *Determination of Eligible Beneficiaries.* Provide clear guidance for identifying eligible beneficiaries based on the specified criteria and indicators within this BSP document.
- *Benefits Allocation.* Determine the allocation of benefits, and define provisions and conditions for allocation of benefits to beneficiaries, and the nature of benefits (both monetary and non-monetary allocations).
- *Mechanisms for Benefit Channeling.* Outline efficient mechanisms for channeling benefits from the Indonesian Environment Fund (IEF) (which serves as the designated Public Service Agency (BLU) responsible for managing all environmental funds including RBPs from jurisdiction-based emission reduction programs), to all designated beneficiaries.
- *Guidance on RBP Fund Utilization.* To provide precise guidance on the judicious use of RBP funds, considering program and activity criteria and indicators, as well as environmental and social risk management (E&S safeguards), and while addressing aspects of gender equity and social inclusion (GESI).
- *Institutional Arrangements.* Offer clear guidance on the roles and responsibilities of various stakeholders in order to implement the Benefit Sharing Mechanism (BSM), including monitoring and reporting.

These objectives collectively underscore this document's role as a foundational guide for effective benefit sharing under the Jambi Emission Reduction Program, ensuring transparency, accountability, and alignment with environmental and social considerations.

### 1.3. Scope of Work

This BSP document explains how the RBPs are to be allocated and distributed and the relevant operational, technical and financial arrangements which make up the benefits sharing mechanism (BSM). This document gives guidance and parameters which will be supported by more detailed technical guidelines – namely the Program Implementation Manual (PIM). This BSP includes the following aspects:

1. This document explains the high-level allocation formula for the RBP in accordance with the stated objectives above. Actual allocations will be determined in program workplans based on the volume of ERs and number of type of beneficiaries meeting eligibility conditions.
2. This document specifies eligible beneficiary groups, the eligibility criteria within these groups, and the agencies that receive portions of RBP funds in order to facilitate access to benefits for eligible beneficiaries. Detailed mechanisms for verifying eligibility conditions and collecting and collating data will be outlined in the PIM, consistent with the guidance in this document. Templates of workplan for the responsible agencies and detailed lists of eligible expenditures will be provided in the PIM.
3. This document delineates the main mechanisms for channeling benefits in various forms to various beneficiary groups, and guidance on benefit utilization. Detailed operational procedures for each mechanism will be provided in the PIM.

4. The document explains the roles and responsibilities of each agency for implementation, monitoring, reporting, and E&S risk management. Detailed procedures and templates will be provided in the PIM.
5. The document addresses alignment with and data utilization from the Monitoring, Analysis, and Reporting (MAR) system, especially for allocation of benefits based on performance. The detailed MAR system can be referred to in the MAR Document prepared by the MAR Team of SNPMU.
6. The document refers to and guides procedures for benefits sharing which will be undertaken by Government agencies – particularly the various teams in the SNPMU responsible for MAR, BSM, M&E, and E&S Safeguards – in advance of the RBP disbursement and throughout RBP disbursement, using existing/alternative revenues, as a complement to the RBP payment.

Non-carbon benefits (such as ecosystem services, improved forest and land governance) are not included in the benefits to be shared in this BSP document, as the BSP is specifically designed to guide the distribution of emission reduction payments (RBP).

#### **1.4. Principles of BSP**

The Benefit Sharing Plan (BSP) is a strategic framework devised to equitably distribute the carbon benefits derived from emission reduction endeavors, encompassing both monetary and non-monetary forms, among beneficiaries within emission reduction programs. This plan is constructed in accordance with the BioCF-ISFL Guidance Note on Benefit Sharing (2020) and is aligned with the BioCF-ISFL Landscape Management Framework, aiming to enhance landscape management practices and address the underlying causes of deforestation and forest degradation. Implementation of this BSP should be guided by the following principles:

- *Transparency*: Public access to information and decision-making platforms in order to ensure all those affected by or eligible for benefits have access to relevant information in a timely manner. The BSP outlines decisions-making processes and will be made publicly available.
- *Inclusion*: Promoting meaningful participation of communities and promoting access of marginalized groups to benefits.
- *Fairness and equity*: coherence of the allocation of carbon benefits with the carbon and noncarbon performance, and prioritization of issues of equity and poverty in targeting benefits.
- *Evolution and learning*: The BSP is intended to learn from lessons and best practices, including experience in the East Kalimantan ERP, and to be updated based on the results of its implementation.
- *Participation and engagement*: Stakeholders affected by decisions will be consulted on decisions and included in decisions-making forums, and affected communities and participants will be given meaningful opportunities to participate and will be actively facilitated to access benefits on terms favorable to them.
- *Respect for customary rights to land and territory*: The rights of local communities in particular to land and livelihoods will be respected and supported.
- *Efficiency*: Allocation and distribution mechanisms should be designed and operated to maximize efficiency and ensure best use of funds.

## 1.5. Regulatory and Policy Foundation

The key regulations and policies that serve as the legal foundation for developing the JERP BSP Document are as follows:

- Constitution of the Republic of Indonesia of 1945, Article 33 Paragraph 3: States that all natural resources must be managed by the state and utilized for the greatest prosperity of the Indonesian people. The benefits of this emission reduction program (jurisdiction-based REDD+) also adhere to this constitution, necessitating management by the government.
- Law No. 41 of 1999 concerning Forestry: This law forms the basis for forestry management in Indonesia, regulating the distribution of state forest land and non-state forest land (customary forests), and explaining the land management authority that determines the actors and beneficiaries of the emission reduction program.
- Law No. 17 of 2003 concerning State Finance: This law establishes procedures, regulations, state financial provisions, including the relationship between central, regional, and foreign institutions. The distribution of benefits from the national to the regional level follows this law.
- Law No. 32 of 2009 concerning Environmental Protection and Management: Contains a mandate to form economic instruments, ultimately creating IEF, which plays a crucial role in managing the benefits of the emission reduction program (or jurisdiction-based REDD+).
- Law No. 12 of 2011 concerning the Formation of Laws and Regulations: This law provides the foundation for regional governments to develop policies supporting the implementation of emission reduction programs.
- Law No. 23 of 2014 concerning Regional Governance: Transfers the authority to issue mining and logging permits from districts to provincial governments, regulating the distribution of benefits to mining industries at the provincial level. This law also distinguishes the roles and responsibilities of regional governments from the central government.
- Law No. 6 of 2014 concerning Village Governance: Encompasses village government administration, village development, and community development. This law enables communities to directly receive financial transfers from the central government through village governments.
- Government Regulation No. 23 of 2005 concerning Public Service Agencies (BLU): Regulates the establishment of IEF, which manages emission reduction payments (RBP) at the national level.
- Government Regulation No. 2 of 2012 concerning Regional Grants: Regulates grants for and to regional governments, including Governors, Regents, and regional government organizations, including how payments from this emission reduction program are categorized.
- Government Regulation No. 74 of 2012 concerning Amendments to Government Regulation No. 23 of 2005 concerning BLU: Governs the establishment of IEF that manages emission reduction payments (RBP) at the national level.
- Government Regulation No. 45 of 2013 concerning Procedures for Implementing Regional Revenue and Expenditure Budgets: Includes the regulation of the budget implementation for the Emission Reduction Program at the regional level.

- Government Regulation No. 46 of 2017 concerning Environmental Economic Instruments: Supports the formation of IEF managing emission reduction payments (RBP) at the national level.
- Government Regulation No. 28 of 2018 concerning Regional Cooperation: Regulates the procedure for making agreements between regional governments and other parties.
- Government Regulation No. 12 of 2019 concerning Regional Fund Management: Governs the management of regional funds.
- Presidential Regulation (Perpres) No. 16 of 2018 concerning Procurement of Goods and Services: Regulates the procurement process and the budget regulation for the implementation of the Emission Reduction Program.
- Presidential Regulation No. 77 of 2018 concerning Environmental Fund Management: Supports the formation of IEF managing emission reduction payments (RBP) at the national level.
- Presidential Regulation No. 98 of 2021 concerning the Implementation of Carbon Economic Value for the Achievement of Nationally Determined Contributions (NDC) Targets and Greenhouse Gas (GHG) Emission Control in National Development.
- Regulation of the Ministry of National Development Planning/Head of Bappenas No. 4 of 2011 concerning Procedures for Planning, Submission of Proposals, Review, Monitoring, and Evaluation of Activities Financed by Foreign Loans and Grants: Regulates the financial process in the use of emission reduction payments (RBP).
- Finance Minister Regulation (PMK) No. 191 of 2011 concerning Procedures for Grant Management: Provides detailed procedures for managing foreign grants, including emission reduction payments (RBP).
- Finance Minister Regulation No. 137 of 2019 concerning the Organization and Governance of IEF (Environmental Fund Management Agency).
- Finance Minister Regulation No. 182/PMK.05/2019 concerning Minimum Service Standards for IEF.
- Finance Minister Decision No. 779 of 2019 concerning IEF as a BLU Work Unit.
- Finance Minister Regulation No. 124/PMK.05/2020 concerning Procedures for Environmental Fund Management.
- Finance Minister Regulation No. 129/PMK.05/2020 concerning Guidelines for the Management of Public Service Agencies (BLU).
- Finance Minister Regulation No. 133/PMK.05/2020 Tariff for IEF Services from the Ministry of Finance.
- Minister of Home Affairs Regulation (Permendagri) No. 39 of 2012 concerning Guidelines for Grants and Social Assistance from the Regional Revenue and Expenditure Budget: Governs the financial regulation of emission reduction payments for beneficiaries at the regional level.
- Permendagri No. 52 of 2014 concerning Recognition and Protection of Indigenous Peoples: This regulation recognizes indigenous communities and protects their land ownership rights, allowing them to participate in the program and legitimately receive benefits from the Emission Reduction Program.
- Permendagri No. 20 of 2018 concerning Village Financial Governance. This regulation classifies village incomes into 3 groups, i.e.; original village income, transfer fund, and other legitimate sources. This regulation can also be the reference to channel directly funds to village.

- Minister of Environment and Forestry Regulation (Permen LHK) No. P.32 of 2015 concerning State Forests: Explains the procedure for local communities to register land as customary forests.
- Minister of Agrarian and Spatial Planning Regulation (Permen ATR) No. 10 of 2016 concerning Land Rights Registration: Regulates the registration of communal customary land rights within state forest areas.
- PMK No. 224 of 2017 concerning Grants from the Central Government to Regional Governments: Includes financial regulations for ER payments from the central government to regions.
- Permen LHK No P.70 of 2017 concerning Financing Mechanisms for REDD+: Regulates the financing mechanism for this ER program.
- Permendagri No. 20 of 2018 concerning Amendments to Minister of Home Affairs Regulation No. 113 of 2014 concerning Village Financial Management.
- Minister of Environment and Forestry Regulation (Permen LHK) No. 21/2022 concerning the Implementation of Carbon Economic Value (NEK).
- Chief Executive Officer Regulation (Perdirut) IEF No. 07/IEF/2020 on Guidelines for the Disbursement of REDD+ Funds.
- Perdirut IEF No. 02/IEF/2022 on Guidelines for the Disbursement of Environmental Funds.
- Governor of Jambi Decree No. 4 of 2015 concerning General Guidelines and Allocation of Transfer Funds for the One Billion One District Program.
- Governor of Jambi Decree No. 37 of 2018 concerning Guidelines for Provincial Financial Assistance to Villages/Urban Villages in the Province of Jambi: Explains the procedures for disbursing financial assistance to villages/urban villages to promote development and reduce poverty and unemployment.
- Governor of Jambi Decree No. 25 of 2021 concerning Procedures for Disbursing Grants and Social Financial Assistance in the Province of Jambi.
- Governor of Jambi Decree No. 16 of 2022 concerning Guidelines for Special Village Financial Assistance: Directed towards supporting infrastructure development, strengthening traditional institutions, and village governance.

## 1.6. High-Level Summary of RBP allocation and Benefits Sharing Mechanism

This section gives a high-level summary of the allocation of the RBP payment to beneficiaries, classes of eligible beneficiaries, and benefits sharing mechanisms.

### 1.6.1. Beneficiaries and RBP Allocation

This BSP is structured to involve, support, and empower a diverse array of stakeholders and beneficiary groups, including entities at four levels of government (national, provincial, district/city, and village), the private sector (comprising oil palm plantations, forestry companies), and local communities residing around forest areas and remote regions, including those with social forestry licenses and historical relationships to land and forests.

Eligibility for benefits and benefits allocation is prioritized based on the following factors, and elaborated in sections 3.1 and 3.1:

- *Performance*: Targeting those contributing most to generating ERs, namely 'Land Managers' in both non-forest areas and Forest Management Units (FMUs/KPH), including FMU for conservation forests.
- *Socio-economic incentives*: Beneficiary groups most vulnerable to changes in land management, namely communities dependent upon on-farm and off-farm livelihoods, and those with historical relationships to the land (customary institutions).
- *Supporting activities*: Activities directly supporting JERP activities and outcomes conducted by civic and educational institutions.

The majority of RBP funds are allocated directly to beneficiaries and will be distributed in monetary and non-monetary form (cash grants/payments, or goods and services), prioritizing efficiency of delivery mechanisms and inclusive access to benefits. A summary is presented in table 1.1 below.

Table 1.1: Tentative Allocation of RBP<sup>5</sup>

| RBP Allocation   | Allocation     | Stakeholder  |
|--|----------------|--|
| <b>Benefits:</b>   | <b>75.85%</b>  | <b>Beneficiary Group:</b>                            |
| Performance  | 57.00%         | Forest Management Units and Conservation Units       |
|  |                | Villages / Community Groups / Social Forestry Groups |
|  |                | Private concessions & plantations                    |
| Performance buffer   | 6.50%          | Underperforming KPHs                                 |
| Social-Economical Incentives                               | 9.50%          | Villages / community groups                          |
| Supporting Activities (non-governmental)                   | 2.85%          | NGO and Universities/Research Center                 |
| <b>Program Delivery:</b>                                   | <b>17.25%</b>  | <b>Executing Agency:</b>                             |
| Facilitation by LEMTARA                                    | 3.00%          | LEMTARA  |
| Supporting activities (National and Provincial Government) | 9.50%          | LEMTARA  |
| Supporting Activities (District and Municipality)          | 4.75%          | LEMTARA  |
| <b>Operational costs:</b>                                  | <b>6.90%</b>   | <b>Executing Agency:</b>                             |
| RBP administration   | 5.00%          | IEF  |
| Fixed cost of LEMTARA management                           | 1.90%          | LEMTARA  |
| <b>Total:</b>  | <b>100.00%</b> |  |

Beneficiary groups prioritize 'land managers', and include the Forest Management Units and Conservation Units, the populations of agricultural and forest dependent villages, private sector and social forestry license holders, and NGOs and universities. They will receive 75.85%<sup>6</sup> of the total RBP allocation in direct benefits (monetary payments or non-monetary goods/services).

<sup>5</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>6</sup> This allocation is subject to change in the final BSP as a result of the MAR assessment/further consultations.

- **Forest Management Units and Conservation Units.** As the main forest management bodies responsible for performance in emissions reduction, these agencies will receive direct benefits to reward performance and incentivize further performance.
- **Local communities.** The RBP will be distributed primarily to populations affected by and contributing to the goals of the ERP. Benefits to communities will be allocated based two key criteria: performance (towards ERs), and 'socio-economic criteria', which means incentives aligned to addressing economic drivers of deforestation, and to supporting customary groups with historical relationships to land, namely customary or *adat* communities. Local populations in eligible villages will receive benefits either via local community groups (including social forestry groups) or village governments. Cash benefits will be prioritized where village governments have a strong track record of village financial reporting and compliance, while other villages will receive non-monetary benefits<sup>7</sup>. Benefits to local communities will be transparently allocated based on agreed formula and criteria that are revealed in this BSP.
- **Concession holders:** Private sector (such as farmers, companies, and concessions holders) will be eligible for a portion of the total RBP payment based on performance in ERs. Use of funds aims to incentivize, and support continued good practices in sustainable and low-emissions land management<sup>8</sup>.
- **NGOs and Universities.** Other non-governmental stakeholders with important roles in supporting achievement of emissions reduction and providing support to affected communities are able to access benefits in order to further strengthen initiatives in support of emissions reduction. A portion of the RBP is allocated for distribution through a competitive call for proposals.

<sup>9</sup><sup>10</sup><sup>11</sup>Other stakeholders – namely central and subnational government agencies, and the non-governmental implementing institution - will be allocated portions of the RBP in order to cover the programmatic costs of producing ERs and supporting beneficiaries to access benefits and allocate them to eligible activities. 17.25%<sup>12</sup> of RBP funds area allocated to programmatic/facilitation costs. Activities include helping beneficiaries to submit required documentation to pre-conditions for receiving payments, facilitating stakeholder engagement and outreach to ensure potentially eligible beneficiaries are aware of their entitlements and

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<sup>7</sup> The exact allocation for local communities vis-à-vis other groups will be determined after MAR performance data is reviewed but will be no less than 50% of the performance allocation (the socio-economic allocation will be additional, meaning a minimum of 38% of the RBP is allocated for this group in direct benefits).

<sup>8</sup> The exact allocation for private sector actors of different types will be determined after MAR performance data is reviewed, but will be no more than 40% of the total performance allocation, with at least half of that reserved for social forestry groups.

<sup>9</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>10</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>11</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>12</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

rights, and coordinating delivery of payments, goods, and services to beneficiaries in a timely manner.

- **Intermediary Institution (LEMTARA).** The LEMTARA will receive a portion of funds no less than 2.85%<sup>13</sup> of the total RBP to partially cover the variable costs of implementation, including hiring and training community facilitators and outreach workers, training and supporting local government agencies, reviewing and approving benefits allocation plans/proposals submitted by beneficiaries, approving and disbursing monetary payments, and approving and delivering non-monetary benefits. The LEMTARA may procure the services of other NGOs or agencies to support execution of their responsibilities.
- **National and local government agencies** are responsible for duties and functions including but not limited to ER transaction-related activities (MAR system, E&S Safeguards, M&E), BSP implementation activities (such as management of beneficiary registration and other data management systems), stakeholder engagement, delivery of training and services, etc. They will receive in-kind support to execute these activities from the LEMTARA, including development of databases, support to facilitate stakeholder engagement and community outreach activities, and goods and services required to support execution of their core responsibilities under the ERP (such as procurement of hardware or consulting services). The costs of these activities will be no greater than 14.25%<sup>14</sup> of total funds, and will be included in the budget and workplan of the LEMTARA (see above bullet point).

In addition, the following stakeholders responsible for overall administration and management of BSP implementation will be allocated up to 6.9%<sup>15</sup> of the total funds to contribute to the costs of BSP implementation:

- **Indonesian Environment Fund (IEF).** The IEF will receive a portion of funds no greater than 5%<sup>16</sup> of total funds in order to cover the costs of their responsibilities in regard to contribute to administering the RBP.
- **Intermediary Institution (LEMTARA).** The LEMTARA will receive a portion of funds no less than 1.9% of the total RBP<sup>17</sup> to partially cover the fixed costs of implementing the BSP. Their overall role is to administer and coordinate channeling of benefits to designated beneficiaries in a transparent and efficient manner. Specific responsibilities include program planning, supervision, and financial and programmatic reporting.

As part of the broader Jambi Green Growth Plan (GGP), the Result-based Payments (RBPs) will be complemented by other funding sources and actions to achieve overall green growth objectives. Therefore, benefits distribution and allocation mechanisms outlined in this

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<sup>13</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>14</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>15</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>16</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

<sup>17</sup> Please note that these allocations may be updated in the Final BSP based on more detailed work-planning, once MAR reports are received and the numbers and types of eligible beneficiaries are easier to estimate.

document are prioritized based on best use of the RBP funds, as opposed to other actions or beneficiaries which require different sources of finance (such as annual operational budgets for activities to be sustained beyond/throughout the ERP).

### 1.6.2. Benefits Sharing Mechanism

The distribution of Result-based Payments (RBP) will occur through two primary channels:

- *Monetary benefits*: Cash/transfer payments received by specific beneficiary groups under certain conditions. This cash is utilized by beneficiaries for programs, activities, and the procurement of goods and services after adhering to environmental and social risk management (safeguards) and obtaining approval from the Subnational REDD+ Institution, represented by SNPMU, and the Directorate General of PPI-KLHK.
- *Non-monetary benefits*: Payments in the form of qualified programs, activities, and procurement of goods and services (in-kind) facilitated by the Intermediary Institution (*Lembaga Perantara*, LEMTARA)

All benefits are allocated based on pre-approved spending plans (for monetary benefits) or activity requests (for non-monetary), which ensures benefits are allocated to specified eligible activities that contribute the BSP goals, while also being suitable to beneficiaries needs.

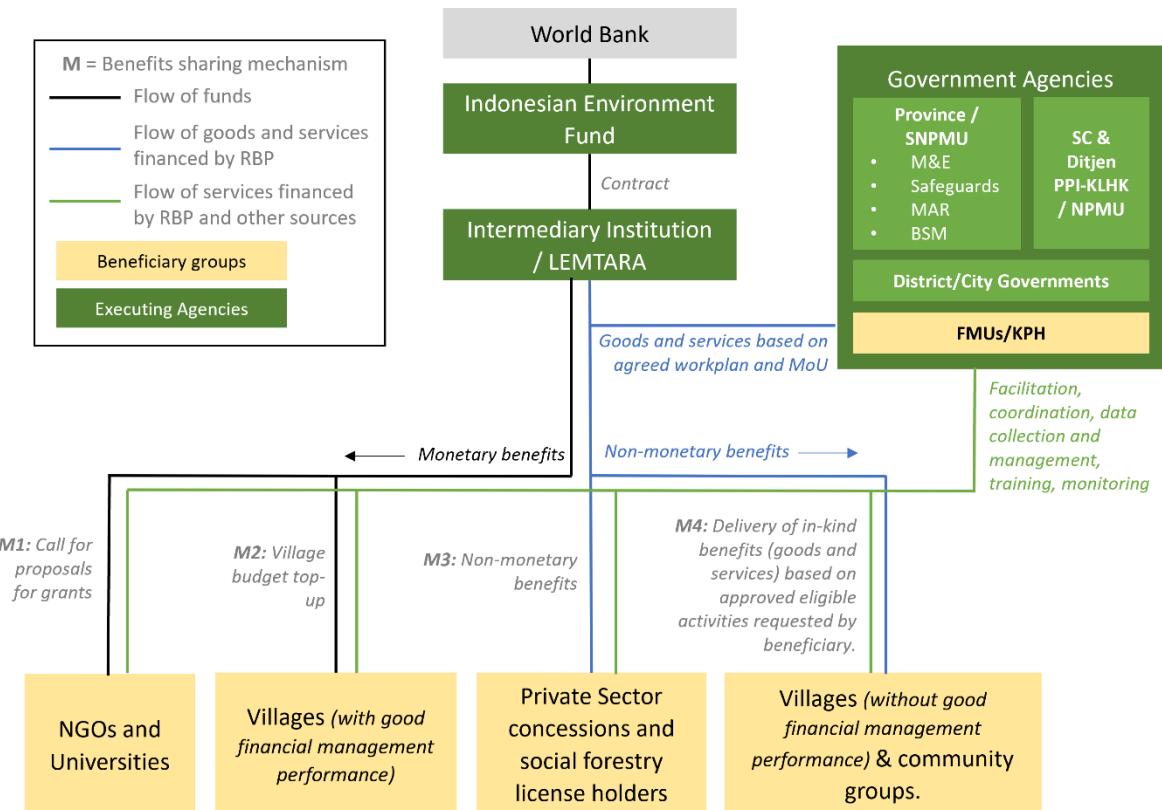
There will be five ‘windows’<sup>18</sup> or mechanisms for channeling benefits, based on the needs of each beneficiary class:

- i. Performance benefits for Forest Management Units and Conservation Areas. They will get benefits in form of non-monetary facilitated by LEMTARA as agreed among stakeholders.
- ii. Channeling monetary benefits, both performance and social-economic incentive allocations, to Village Governments based on work plans agreed by Subnational REDD+ Institution and Directorate General of PPI-KLHK, transferred directly to existing village government accounts.
- iii. Facilitating non-monetary benefits, both performance and social-economic incentive allocations, to Village Governments or registered Community Groups (including social forestry groups) within villages, for activities aligned with the ERP, based on workplans by submitted by beneficiaries and approved by SNPMU.
- iv. Facilitating non-monetary benefits to private companies/ concession holders (conditions yet to be determined and will be elaborated in the Final BSP, once further performance data is available and ERPD has been negotiated).
- v. Channeling monetary benefits in the form of grants to NGOs and Universities, based on a competitive call for proposals.

A summary of the BSM is presented in table 1.2 below, and further elaborated in Section 2.

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<sup>18</sup> The final draft BSP will include further details on benefits type and channeling mechanisms.



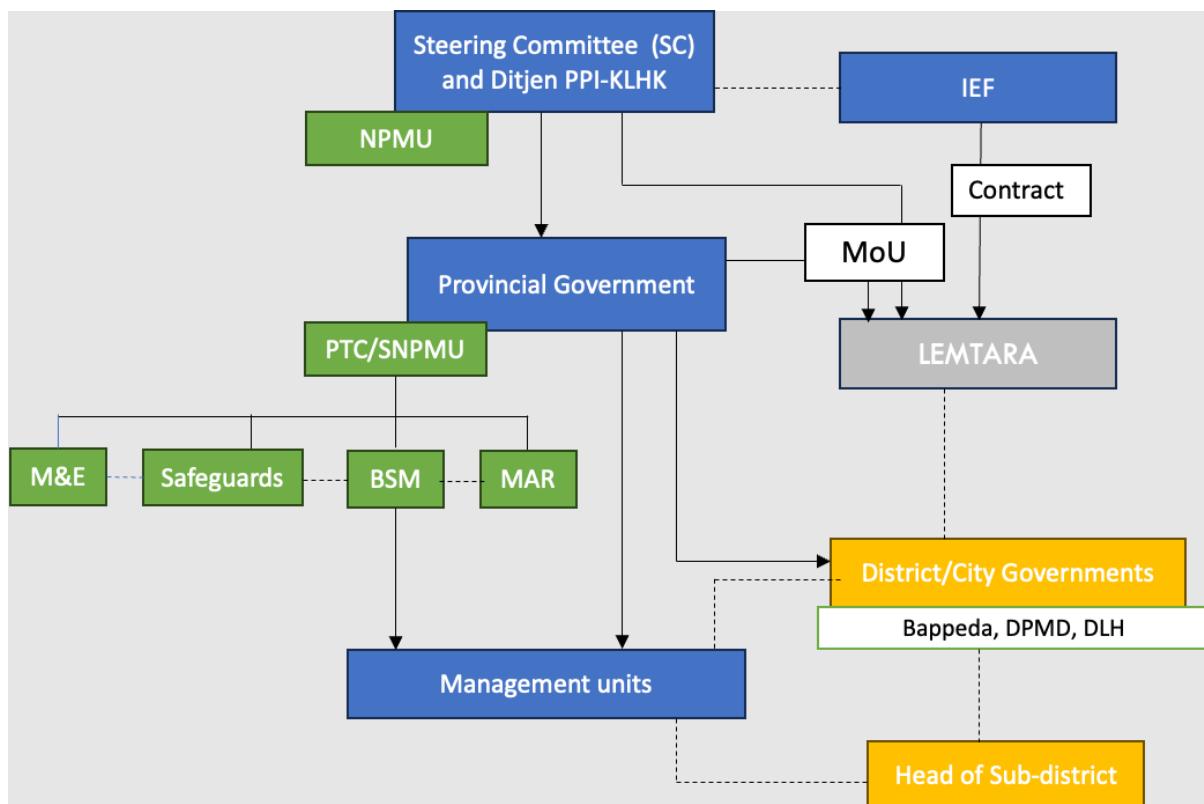
**Figure 1.2. Benefit sharing mechanism.**

The majority of responsibilities for coordinating and facilitating distribution of benefits (monetary and non-monetary) through the mechanisms outlined above will be delegated by the IEF to a LEMTARA, who will execute responsibilities on the basis of an approved workplan and contract with the IEF, and MoU with the Directorate General of PPIk-KLHK and Provincial government. This arrangement will be a complement to ongoing and routine Government-led activities in Jambi province. The LEMTARA workplan will also include collaboration with and support to local government agencies with core responsibilities for ERP and BSP implementation, and all other functions outlined in this document, including safeguards, monitoring, reporting, and stakeholder engagement.

## 2. The Institutional Arrangements for Benefit Sharing Mechanism

The authorization for responsibilities and funds flow arrangements is supported by the Ministry of Environment and Forestry Regulation (Permen LHK) No. P.70/2017 on REDD+. Article 6 clarifies that executing agencies with valid mandates in REDD+ locations can propose activities to be financed through results-based payments (RBP), Article 17 states that REDD+ funding can be channeled through public service agencies (Badan Layanan Umum, BLU) with responsibilities for management of environmental funds, and Article 19 designates government institutions at the National and Su-national levels as legitimate recipients of funds.

The institutional arrangement for the benefit-sharing mechanism of JERP is illustrated in the following Figure 2.1. Solid lines represent reporting lines, while dotted lines show coordination.



**Figure 2.1:** Institutional Arrangements for Benefit Sharing Mechanism

This section summarizes the responsibilities of all agencies in figure 2.1 above. Further details to guide execution of these responsibilities is found in the following chapters and will be elaborated further in the PIM.

### 2.1. Responsibilities and Authorities

Government agencies involved in the JERP management and implementation include four levels of government (national, provincial, district/city, and village), and institutions that directly contribute to emissions reduction, namely conservation units such as national parks, forest management units (KPH) for protected and production forests.

The roles and responsibilities of various levels of government follow the laws, such as Law No. 23/2014 regarding Regional Government, and regulations in Indonesia that explain and divide the authority between the Central Government and the Regional Government, in

this case, the Province of Jambi, and the management of carbon finance. A summary of roles and responsibilities of the various agencies is presented below.

### **2.1.1. Central Government: Steering Committee (SC) and Ditjen PPI-KLHK**

At the national level, ERP responsibilities are focused on duties and functions (mandate) related to climate change policy development and its execution at the national level.

Within the JERP, national-level agencies lead a Steering Committee (SC) responsible for formulating strategic policies, with the Directorate General of PPI-KLHK acting as the responsible party. The Directorate General of PPI-KLHK plays a strategic role and has the responsibility to ensure that all implementation and reporting adhere to established standards before being reported to the World Bank. It is also responsible for validating and verifying all activities at the provincial level, including MAR activities, E&S risk management (safeguards), BSM, FGRM, and others. The Directorate General of PPI-KLHK will coordinate with IEF in the implementation of JERP, especially regarding the use of RBP funds (financial reporting).

Detailed responsibilities of the Central Government agencies are in table 2.1 below:

**Table 2.1. Details of Responsibilities of the Central Government**

| <b>Central Government</b>  |
|--|
| <p><b>Responsibilities at the Central Government</b></p> <ul style="list-style-type: none"><li>• Validation and verification for sub-national activities carried out by the Sub-national REDD+ Institution, in this case, SNPMU, or the Government of Jambi.<ul style="list-style-type: none"><li>◦ Monitoring, Analysis and Reporting (MAR)</li><li>◦ Environmental and Social (E&amp;S) risk management (Safeguards)</li><li>◦ BSM, including re-validation and re-verification of beneficiary identification, proposal submission, E&amp;S risk management (Safeguards) implementation for RBP, and others.</li><li>◦ FGRM (if needed)</li></ul></li><li>• Capacity building at the Directorate General of PPI-KLHK and SNPMU for JERP implementation.</li><li>• Preparation of Standard Operating Procedures (SOP) or Technical Guidelines (Juknis) and Implementation Guidelines (Juklak) needed for JERP implementation.</li><li>• Coordination and consolidation of the Government of Jambi, especially SNPMU, and the Directorate General of PPI-KLHK.</li><li>• Strengthening the National Registration System (SRN) of PPI for JERP, including the procurement of experts and means of implementation (Mol)</li><li>• In the context of handling oil palm plantations in Jambi, the central government is responsible for the development of a system and implementation of E&amp;S risk management to anticipate the expansion of oil palm plantations into forest areas and encourage intensification, including devices, strategies, and mechanisms.</li><li>• Strengthening the National Forest Monitoring System (NFMS), including updating forest and land cover data for performance calculations by the MAR Team.</li><li>• Supervision and management of RBP funds for conservation units from performance allocations in Jambi Province.</li></ul> <p>In the context of village supervision, the following are needed.</p> |

### Central Government

- Preparation of guidelines for the use of RBP funds in villages.
- Synchronization with the monitoring and evaluation of APBDes by the Inspectorate General, Ministry of Village.
- Synchronization with the performance monitoring of village funds through the Integrated Village System of the Ministry of Village.

In the context of regional government supervision, both provincial and district/city governments, the following are needed.

- Supervision of the use of RBP funds by the Provincial and District/City Governments to align with RPJMD and APBD.
- Preparation of guidelines for the use of RBP funds for regional governments (if needed), even through LEMTARA.

Responsibilities at the national level are divided across Directorates General within the Ministry of Environment and Forestry (KLHK) and other relevant Directorates Generals across various ministries. Their roles are centered around enhancing the efficacy of the Jambi Emission Reduction Program (JERP), with a particular focus on operational efficiency and comprehensive oversight. The breakdown of responsibilities is detailed below:

1. Directorate of Climate Change Mitigation (MPI), which oversees the overall REDD+ Program and the implementation of REDD+ SIS or E&S Safeguards at the national level, including FGRM at the national level.
2. Directorate of Sectoral and Regional Resource Mobilization (MS2R), which supervises the preparation, implementation, monitoring, and evaluation of benefit-sharing mechanisms. The MS2R Directorate is also involved in the validation and verification of benefit-sharing mechanism activities in the Jambi Province, such as beneficiary identification, the application of REDD+ SIS for RBP, proposal submission from beneficiaries, and monitoring and evaluation of RBP fund utilization.
3. Directorate of Greenhouse Gas Inventory and Monitoring, Reporting, and Verification (IGRK and MPV), which oversees the National Registration System (SRN) of KLHK at the central level, including supporting the verification of emission reduction calculations conducted by the MAR Team in the Jambi Province.

Responsibilities of these agencies at the national level play a pivotal role in facilitating the execution of the National Forest Monitoring System (NFMS), encompassing the crucial task of updating forest and land cover data. This data serves as the foundational information for the MAR Team to compute emission reductions within the Jambi jurisdiction. Furthermore, responsibility funds (program delivery) are earmarked for supervising the technical implementation units for conservation in Jambi in utilizing benefits based on their performance. These units, overseeing critical areas like national parks, nature reserves, wildlife sanctuaries, the Natural Resources Conservation Center (BKSDA), among others, are indispensable beneficiaries. Given that emission reductions are also calculated within these conservation areas under the JERP mechanism, effective supervision of these units in Jambi Province becomes imperative.

Responsibilities extend to implementing E&S risk management (safeguards) for plantation intensification, aiming to prevent or mitigate, to the minimum extent possible,

plantation expansion into forested areas. Moreover, responsibilities are assigned for formulating guidelines governing the utilization of RBP funds in villages. This involves synchronization with the monitoring and evaluation of village budget implementation by the Inspectorate General, Ministry of Villages, and alignment with village fund performance monitoring through the Integrated Village System of the Ministry of Villages. Responsibility costs are additionally allocated for overseeing the use of RBP funds by Provincial and District/City Governments, and if necessary, for developing guidelines for regional governments, possibly through LEMTARA. Further details will be provided in the PIM, including timelines and milestones for key tasks, and funding sources for these activities, including the goods and services that will be administered by the LEMTARA to support the agencies in performance of their responsibilities.

In addition, the responsibility for selection of LEMTARA rests with Ditjen PPI-KLHK and the Government of Jambi. In the process of selecting LEMTARA, the following steps will be taken:

- Establishment of the Selection Committee (Panel) involving the Government of Jambi and Ditjen PPI-KLHK (requires approximately 1 month).
- Invitation of 5 organizations accredited by IEF to become candidates for LEMTARA. These five organizations are asked to compete by submitting proposals and presenting these proposals to the Selection Committee (this will take 2 months).
- The Selection Committee reviews and assesses the 5 proposals from these organizations to choose the organization deemed suitable by the Selection Committee to be appointed as LEMTARA (this will take 2 months).
- Negotiation of the LEMTARA fee between the selected organization and the Selection Committee or the Government of Jambi and Ditjen PPI-KLHK (this will take 2 months).
- The selected organization and the agreed-upon fee are determined by the Government of Jambi and Ditjen PPI-KLHK (this will take 1 month).
- Establishment of a memorandum of understanding (MoU) between the selected LEMTARA and the Government of Jambi and Ditjen PPI-KLHK (1 month). The MoU template will be provided in the PIM in the LEMTARA SOP section for JERP.
- The selected LEMTARA builds a contract with IEF, also referring to the MoU between the selected LEMTARA and the Government of Jambi and Ditjen PPI-KLHK (approximately 2 months). The contract template will be provided in the PIM in the SOP section on LEMTARA Operations in JERP.
- LEMTARA can then be involved starting with a kick-off meeting agreed upon by Ditjen PPI-KLHK, the Government of Jambi, and the selected LEMTARA.

### **2.1.2. IEF**

The responsibilities of IEF include:

- Preparation of financial reports to be audited by the Supreme Audit Agency (BPK) of the Republic of Indonesia.
- Supervision and monitoring of the Environmental Fund Intermediary Institution (LEMTARA).
- Supervision of the implementation of RBP funds by LEMTARA in facilitating program and

activities as well as providing goods and services for eligible beneficiaries.

- Overall RBP funds administration and management, including contracts with the LEMTARA.

### **2.1.3. Provincial Government and Subnational Project Management Unit (SPMU)**

At the provincial level, agencies have duties and functions (mandate) related to climate change policy development and its execution at the provincial level. In the JERP, the Governor of Jambi has established the Sub-national REDD+ Institution, comprising the Provincial Technical Committee (PTC) and SNPMU. The technical implementation of JERP, including the management of its components such as MAR, environmental and social risk management (safeguards), BSM, FGRM, and others, falls under the purview of SNPMU. Presently, SNPMU encompasses various departments, including MAR, Safeguards, BSM, and Monitoring and Evaluation (M&E). The roles and responsibilities of SNPMU include, but are not limited to:

- Coordinating relevant parties in the implementation of JERP at the provincial level.
- Managing JERP as a whole at the provincial level.
- Managing JERP components: MAR, E&S risk management (safeguards), BSM, FGRM, BioCF portal, and others.
- Supervising and coordinating with stakeholders at the site and district/city levels.
- Receiving reports and validating and verifying reports submitted by stakeholders at the site and district/city levels, including the identification of beneficiaries, proposals from management units, districts/cities, villages, and community groups, as well as the implementation of E&S risk management (safeguards).

All outcomes of JERP implementation will be reported by SNPMU or the Sub-national REDD+ Institution to the Government of Jambi through PTC and the Directorate General of PPI-KLHK, or the BioCF-ISFL Steering Committee and IEF at the national level.

Detailed responsibilities of the Provincial Government are in Table 2.2 below.

**Table 2.2. Details of Responsibilities of the Government of Jambi**

| <b>Government of Jambi Province</b>   |
|---|
| <p><b>Responsibilities in the Government of Jambi Province:</b></p> <ul style="list-style-type: none"><li>• Project management through SNPMU in Jambi Province, including secretariat administration and routine management.</li><li>• Managing the MAR device, including the procurement of technical consultants in Jambi Province.</li><li>• Procurement and management of E&amp;S risk management (safeguards) tools, including the procurement of technical consultants in Jambi Province.</li><li>• Implementation of the BSM team including:<ul style="list-style-type: none"><li>- Procurement and management of BSM devices.</li><li>- Field visits for validation and verification, both beneficiary identification, proposal submission, E&amp;S risk management (safeguards) implementation, and FGRM for BSM cases.</li><li>- Procurement of technical consultants in Jambi Province, including for proposal assessments.</li></ul></li><li>• Monitoring and evaluation (M&amp;E) of JERP as a whole, including BSM.</li></ul> |

## Government of Jambi Province

- Implementation of FGRM.
  - Administration of the FGRM secretariat.
  - Administration of handling complaints, including field visits if needed.
- Capacity building for SNPMU and stakeholders involved in Jambi Province.
- Preparation of planning and policy development at the provincial level
- Supervision of KPH and PBPH (HPH, HTI, and Environmental Services), and plantation companies.
- Support the implementation of E&S risk management (safeguards) developed by the Directorate General of Plantations, Ministry of Agriculture.
- Supervision and guidance to beneficiaries to support participation in BSP, document submission, etc.
- Supervision and guidance to districts/cities in the submission of activity plans and documents from villages and community groups
- Synchronization of RBP management with the Regional Budget (APBD) of Jambi Province.
- Selection and appointment of LEMTARA (see details in section 2.1.1)

The responsibilities of the Jambi Provincial Government are primarily related to administering the secretariat in managing the program, and operating JERP devices, including MAR, E&S risk management (safeguards), BSM, FGRM, and others. These management tasks require the procurement of technical consultants for each JERP device within the Jambi Province. Field visits are deemed essential to support the implementation of these devices, involving activities such as ground checking for the MAR Team's calculation results, verification of E&S risk management (safeguards) implementation at the site level for the Safeguards Team, and validation and verification of eligible beneficiaries' identification at the site level, along with their proposals—tasks entrusted to the BSM Team. Furthermore, FGRM implementation, including field costs for addressing complaints or conflicts at the site level, is also imperative.

Further details will be provided in the PIM, including timelines and milestones for key tasks, and funding sources for these activities, including the goods and services that will be administered by the LEMTARA to support the agencies in performance of their responsibilities.

### 2.1.4. Implementation Institution / LEMTARA

The LEMTARA, selected and designated by the Government of Jambi and the Directorate General of PPI-KLHK, will be engaged in the implementation of JERP, particularly in the disbursement and utilization of benefits.

The LEMTARA, under contract by the IEF, will be responsible for:

- Overseeing the effective implementation of programs, activities, and procurement, ensuring that benefits are distributed appropriately according to the agreed-upon methods.
- LEMTARA will serve as the distributor of benefits from IEF to cash beneficiaries, facilitating monetary benefits.

- LEMTARA will act as the cashier or paymaster for programs, activities, and procurement requested by beneficiaries and approved by the Government of Jambi and Ditjen PPI-KLHK.
- Involved in the process of verifying proposals from beneficiaries together with SNPMU or other institutions appointed by Jambi Province
- LEMTARA will function as the event organizer in collaboration with beneficiaries, assisting in the facilitation of programs, activities, and procurement as requested by the beneficiaries and approved.
- Monitoring and supervising the implementation of activities together with the M&E Team in SNPMU.

The LEMTARA will establish an MoU with the Government of Jambi and the Directorate General of PPI-KLHK outlining its duties and responsibilities in fund management. As LEMTARA will receive funds from IEF, a contract will be developed between LEMTARA and IEF concerning the fund disbursement mechanism, utilization, reporting, audits, and other related aspects. More technical details about LEMTARA's responsibilities and work planning, as well as templates for the contract and MoU will be elaborated in the PIM.

LEMTARA will initiate the fund transfer process from IEF based on the mutually agreed-upon program and activity plans with the Government of Jambi and Ditjen PPI-KLHK. The fund submission request will occur twice every 6 months within a year. However, for the 2nd-stage fund submission, LEMTARA must have already submitted financial reports for the first 3 and 6 months. Following the utilization of RBP funds in the 2nd 6-month stage, LEMTARA is obligated to prepare an Annual Financial Report, which must be submitted to IEF, Ditjen PPI-KLHK, and the Government of Jambi.

The annual financial report detailing the use of benefits or RBP JERP will undergo an audit conducted by the Supreme Audit Board (BPK) of the Republic of Indonesia, the official state financial audit institution. This audit is conducted annually after the initial emission reduction payment against the consolidated annual financial statements prepared by LEMTARA and reviewed by IEF. The BPK audit aims to determine whether the financial statements of RBP of JERP can be classified as Unqualified (Wajar Tanpa Pengecualian, WTP) and are accountable. The audit results will be publicly disclosed on the JERP website or government site to ensure transparency in the utilization of RBP funds of JERP. IEF takes responsibility for consolidating financial reports from LEMTARA and preparing the annual financial report for BPK's audit. The results of the BPK examination are submitted to the World Bank within 6 months after the year's end.

In the event of audit findings or fiduciary issues suggesting that fund utilization deviates from its intended purpose, the funds will be returned to a special bank account for JERP at IEF. These returned funds will be earmarked for utilization in the subsequent year. The incremental submission of financial reports to IEF by LEMTARA is designed to provide periodic assurance to IEF that the funds have been used correctly. In cases of audit findings, LEMTARA will receive a warning and will be required to rectify the fund management accordingly.

### **2.1.5. District/City Governments**

At the district/city level, agencies are responsible for the main tasks and functions (mandate) related to the development of land sector policies and their execution within its

administrative region. The execution of JERP will entail collaboration with various Local Apparatus Organizations (OPDs), including but not limited to the Regional Development Planning Agency (Bappeda), the Village Community Empowerment Agency (DPMD), and the Environmental Agency. The anticipated roles and responsibilities of Bappeda and DPMD encompass, but are not confined to:

- Overseeing sub-districts in guiding villages and coordinating with management units (KPH and conservation units) at the site level.
- Supervising and guiding villages in the submission of proposals for the utilization of JERP RBP funds in collaboration with sub-districts and management units. This oversight encompasses tasks such as transferring RBP funds to village accounts (for villages set to receive monetary benefits), formulating Village Government Work Plans (RKPDes), and integrating programs and activities funded by RBP.

Meanwhile, the district/city-level Environmental Agency is mandated to support the execution, monitoring, and evaluation of E&S risk management (safeguards) at both village and district/city levels, inclusive of FGRM. This collaboration involves coordination with the Provincial Environmental Agency in Jambi.

Sources of funding for these activities/responsibilities include both agency budgets and RBP funds. Routine activities requiring operational budgets will be covered by existing budgets. Programmatic activities to support channeling of benefits may be partially or fully supported/financed by the LEMTARA using RBP funds, consistent with the allocation volumes outlined in this document. These activities will be part of the agreed workplan and terms of reference for the LEMTARA. The process of developing this workplan will be outlined in the PIM.

The eligible expenditures from RBP funds to be allocated to District and City governments will be outlined in more detail in the POM consistent with the following considerations:

- The allocation of RBP funds to supporting activities for District and City governments will be carried out by the BSM Team in SNPMU in coordination with the Safeguards Team, then re-confirmed with the LEMTARA as part of LEMTARA work planning and signing of MoUs with the Provincial Government. Budget envelopes per District-City will be determined by the SNPMU and further detailed in the POM. These allocations will reflect the expected scope of work of the District/City Governments in implementation of JERP and this BSP.
- Supporting activities such as preparation of preconditions for JERP in districts/cities will need to be financed from other sources, rather than waiting for the RBP.
- Some later stage preparation activities such as socialization, and outreach activities to beneficiaries may be covered by the RBP.
- Supporting activities must maintain consistency and relevance of the proposed programs and activities in the RPJMD of the district/city, and the JERP.

### **2.1.6. Management Units and Sub-Districts**

KPH are responsible for the main tasks and functions (mandate) related to supervising and executing climate change-related activities in its management area, and are the primary units responsible for the ER transaction.

In addition, they have responsibilities in implementation of the BSM. The BSM will involve management units (KPH and conservation units), who will coordinate with sub-district teams under the supervision of the district/city government. The roles and responsibilities of the management unit and sub-district include, but are not limited to:

- Conducting initial identification of beneficiaries for villages or community groups for performance allocation in sub-districts based on the emission reduction calculations by the MAR Team at the SNPMU.
- Supporting and facilitating the identification of and outreach to villages that will receive socio-economic allocations.
- Facilitating and supervising the submission of proposals for programs and activities, as well as the procurement of goods and services (proposals) from villages or community groups, including private sector groups. Program and activities agreed by Government of Jambi and Directorate General of PPI-KLHK will be determined as the approved work plans.
- Supervising the implementation of E&S risk management (safeguards) for programs and activities from villages and community groups.
- Monitoring and evaluating the implementation of programs and activities, including the implementation of E&S risk management (safeguards).

Sources of funding for these activities/responsibilities include both agency budgets and RBP funds. Programmatic activities to support channeling of benefits (most notably “facilitating and supervising the submission of proposals for programs and activities, as well as the procurement of goods and services (proposals) from villages or community groups, including private sector groups”, and other outreach, supervision and coordination activities) which will partially or fully supported/financed by the LEMTARA using RBP funds, consistent with the allocation volumes outlined in this document. These activities will be part of the agreed workplan and terms of reference for the LEMTARA. The process of developing this workplan will be outlined in the PIM.

### **3. Benefit Sharing Mechanism**

The benefit-sharing mechanism for the JERP consists of four key stages: beneficiary identification, determination of benefit allocation, distribution, and utilization. The first stage is already partially complete, based on MAR performance data and socio-economic indicators. The detailed mechanisms for each stage are explained as follows.

The authorization for this section is the Ministry of Environment and Forestry Regulation No. P.70/2017 on REDD+, Article 19, which designates civil society organizations, government agencies, business organizations, research/educational institutions, and community groups as legitimate recipient of funds and authorizes funds to be allocated to incentivize or reward direct performance in producing ERs, and for 'supporting activities'.

#### **3.1. Beneficiary Identification**

The JERP covers the entire jurisdiction of Jambi Province and the scope for emission reduction calculations or performance evaluation encompasses the entirety of Jambi Province. This includes both forested and non-forested areas. The methodology employed for calculating emission reduction in JERP adopts the Gain and Loss approach. Thus, all actors within the jurisdiction of Jambi Province may contribute to performance and are subject to incentives to lower emissions. Consequently, there is a need to prioritize the actors to be targeted by the RBP to ensure most strategic and effective use of limited funds.

In support of the stated goals of the BSP (see section 1.2), 'land managers' are prioritized as beneficiaries. The designation of land managers encompasses all parties engaging with the forests and lands within the jurisdiction of Jambi Province, regardless of whether they possess management and utilization rights or interact with the area without legal rights. This criterion is designed to preempt potential ambiguity in defining stakeholders such as landowners, forest and land users, and communities residing around forests and lands. In particular, this definition is intended to ensure land managers in both state forest and non-forest area can be recognized as potential beneficiaries.

Within the context of forested areas, the land is owned by the state and managed under the Forest Management Unit (KPH). However, within the KPH area, various entities hold concessions, such as Forest Utilization Business Permits (PBPH) for Natural Forests (HPH), Industrial Forest Plantations (HTI), and Environmental Services (Jasling). Additionally, there are communities or villages on the fringes of the forest actively involved in and contributing to the management of the KPH area, and groups with licenses for social forestry. According to this inclusive criterion, all these entities are considered Land Managers. Outside forest areas, land managers include smallholders/farmers, natural resource-oriented community groups, plantation owners, and sometimes village governments.

Within the definition of land managers, the BSP prioritizes the management units themselves (KPH and Sub-districts), and within those, three distinct groups, aligning with categories outlined in the Ministry of Environment and Forestry Regulation No. P.70/2017 regarding Reducing Emissions from Deforestation and Forest Degradation, The Role of Conservation, Sustainable Management of Forest, and Enhancement of Forest Carbon Stock (REDD+). These are illustrated in Table 3.1 below.

**Table 3.1. Potential Beneficiary Groups**

| No | Groups                                 | Description  | Benefit Type   |
|----|--|--|--|
| 1  | Private Sector                         | <p>Private sector actors, who contribute to emission reduction through specific activities such as protecting High Conservation Value (HCV) and High Carbon Stock (HCS) areas, community empowerment, forest fire prevention, and others.</p> <p>Private sector actors can come from companies with Limited Liability Company (PT) status and have permits for forest and land utilization, including plantation companies and various types of forest utilization permits such as PBPH for Natural Forest, PBPH for Industrial Plantation Forest, and PBPH for Environmental Services, as long as they contribute to emission reduction according to specific requirements – beyond their responsibility and do more than their usual business activities (business as usual).</p> <p>As of 2021, there were 186 palm oil plantations with valid business permits responsible for over 1 million hectares of land, and approximately 20 businesses in the forestry sector with active concessions.<sup>19</sup></p> | {non-monetary benefits for private sector}   |
| 2  | Communities and Local Community groups | <p>Local communities, including indigenous communities, as the primary beneficiaries who generally reside in forest and land areas and are subject to incentives to using sustainable land-use practices to reduce deforestation and forest degradation, prevent forest fires, and create alternative livelihoods.</p> <p>Local communities can include indigenous communities, farmer groups, social forestry groups, and others.</p> <p>There are 1543 villages in Jambi, and 426 social forestry license holders with recognized claims to traditional forest lands (hutan adat), all of which are potentially eligible for benefits depending on performance and socio-economic status. Within villages, registered community groups represent special interest groups (such as youth, women, or forest rangers).<sup>20</sup> X<sup>21</sup> villages have groups defined as 'customary institutions' with historical relationships to the land/forest.</p>   | <p>For villages, there are two potential benefit options: monetary and non-monetary. Villages demonstrating a Good or Eligible status in financial reporting for three consecutive years, as assessed by the District Inspectorate, will be eligible for monetary benefits. Villages without a Good/Eligible financial reporting status will only be eligible for non-monetary benefits, overseen by LEMTARA.</p> <p>Social Forestry Groups (PS) and other community groups will only be eligible for non-monetary benefits (in-kind).</p> |

<sup>19</sup> These figures will be updated in the Final BSP.

<sup>20</sup> These figures will be updated in the Final Draft BSP.

<sup>21</sup> This figure will be included in the Final BSP.

|   |   |  |  |
|---|---|--|--|
| 3 | Non-Governmental Organizations (NGO) and Universities | <p>NGOs and educational institutions, specifically universities, fall within the beneficiary category due to their indispensable contributions to the emission reduction program. Their contributions are primarily indirect, involving the facilitation of communities in climate change mitigation and advocacy for the enhancement of forest and land policy and governance. Notwithstanding the indirect contributions, NGOs and universities also make direct contributions at a certain level. This includes activities such as greening initiatives, land rehabilitation, and forest research, typically undertaken by universities.</p> <p><i>{insert number of universities and NGOs registered with KLHK in Jambi, if data is available}</i></p> | <p>NGOs and universities are eligible to receive benefits in the form of monetary benefits (cash). This choice is grounded in the understanding that NGOs and universities typically possess robust financial systems and capacities, often subject to independent audits.</p> |
|---|---|--|--|

Among the specified beneficiary groups, the determination of eligible beneficiaries is conducted based on established criteria and indicators developed in collaboration with stakeholders, and consistent with Ministry of Environment and Forestry Regulation No. P.70/2017 regarding REDD+.

Eligibility for benefits and benefits allocation is prioritized based on the following factors:

- *Performance*: Targeting those contributing most to generating ERs, namely 'Land Managers' in both non-forest areas and Forest Management Units (FMUs/KPH). Direct contributors to ERs are those who:
  - Possess legal rights to manage and/or utilize forest and land areas (e.g., PBPH permit, Plantation Business Permit/IUP, and Social Forestry Permit/PS); and/or;
  - The populations of administrative units (namely sub-districts and villages) which have verified performance in emission reduction (tCO2e-).
- *Socio-economic incentives*: Beneficiary groups most vulnerable to changes in land management, namely communities dependent upon on-farm and off-farm livelihoods, and those with historical relationships to the land (customary institutions).
- *Supporting activities*: Civic and educational institutions which support the above goals directly. They must have a contract or MoU from the Government which recognizes such indirect contributions (e.g. a statement letter).

In addition, the following considerations<sup>22</sup> are factored into eligibility criteria and eligibility for types of benefits/channeling options:

- Within eligible villages:
  - Community Groups will be eligible for non-monetary benefits, because not all groups have shared bank accounts or sufficiently robust financial management systems. In villages without sufficient<sup>23</sup> eligible community groups, Village Governments will receive and allocate benefits on behalf of communities.
  - In villages with verified good performance in village financial management, funds will be transmitted to village government accounts using existing village budgeting,

<sup>22</sup> This prioritization will be reviewed and confirmed in the Final Draft based on MAR data, which will provide clarity on how many villages and groups are likely to be eligible.

<sup>23</sup> 'Sufficient' will be defined in the Final Draft based on updated performance data, and will include considerations of inclusion and efficiency.

planning and spending systems. This is preferred because of the lower transaction costs and greater efficiency in delivery of benefits.

- Village populations – including representatives of community groups, customary institutions and social forestry groups – will participate in village development deliberation forum (*musrembangdes*) in order to agree on allocation of funds within villages.
- In villages with poor financial management performance in previous years, non-monetary benefits will be allocated.
- Within eligible villages prioritized for socio-economic allocations, a quota<sup>24</sup> of will be applied, and preference is given to villages housing customary communities with special relationships to the land within that quota. Outside the quota, prioritization will be based on relative levels of poverty.
- In non-performing areas, a small portion of benefits will be allocated to Management Units in order to support and incentivize future ER performance and targeted to specific activities linked to drivers of land use change.
- Villages and community groups may receive a combined allocation of performance and socio-economic allocations if all criteria are met.

Based on these factors, allocation of benefits is summarized in table 3.2.

Table 3.2: Summary of allocations for beneficiary groups.

| RBP Allocation                           | Allocation | Stakeholder  |
|--|------------|--|
| Benefits:                                | 75.85%     | Beneficiary Group:                                   |
| Performance                              | 57.00%     | KPH / Conservation Units                             |
|  |            | Villages / Community Groups / Social Forestry Groups |
|  |            | Private concessions & plantations                    |
| Performance buffer                       | 6.50%      | Underperforming KPH                                  |
| Social-Economical Incentives             | 9.50%      | Villages / community groups                          |
| Supporting Activities (non-governmental) | 2.85%      | NGO and Universities/Research Center                 |

Table 3.3 below outlines specific eligibility criteria for various beneficiary classes to access these allocations. Administrative requirements will be determined in advance, which procedural criteria will be conditions which Government agencies and LEMTARA facilitate beneficiaries to meet during the course of BSP implementation.

Detailed procedures for each class of beneficiary are outlined below and will be elaborated further in the PIM.

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<sup>24</sup> This quota will be added in the Final BSP based on the results of the MAR assessment and further socio-economic data gathering.

Table 3.3: Summary of beneficiary eligibility criteria

| Beneficiary Group and Benefit Type   | Allocation category          | Eligibility criteria   | Source of data for verification   |
|--|------------------------------|--|---|
| 1. KPH / Conservation Units  | Performance                  | Verified performance based on MAR data.  | Emission calculation results submitted by MAR to SNPMU  |
| 2. Villages and community groups   | Performance & Socio-economic | <p><i>Performance, administrative</i> Located within a sub-district or Forest Management Unit with verified performance based on MAR.</p> <p><i>Socio-economic, administrative:</i></p> <ul style="list-style-type: none"> <li>• Located within villages primarily reliant on on-farm or off-farm livelihoods.</li> <li>• Prioritized based on presence of customary institutions.<sup>25</sup></li> <li>• Prioritized based on relative levels of poverty.</li> </ul> | <p>Emission calculation results submitted by MAR to SNPMU</p> <ul style="list-style-type: none"> <li>• Village livelihoods data (on-farm and off-farm) from PODES or other database.</li> <li>• Regent's Decree (SK)/Regulation (Local Regulation, Perda)/Draft SK or Perda or a proposal for the establishment of customary law community institutions.</li> </ul> |
| 2A: Community groups, including social forestry license holders (Nonmonetary benefits) | Performance & Socio-economic | <p><i>Administrative:</i></p> <ul style="list-style-type: none"> <li>• Community ID cards (KTP) must be from the local village in the Jambi Province.</li> <li>• Land Ownership Certificate (Sertifikat Hak Milik, SHM), if they own land.</li> </ul>  | BSM SNPMU Team, referring to administrative documents mentioned in this table, submitted by community groups.   |

<sup>25</sup> A quota and detailed prioritization will be added in the Final Draft BSP, once data have been collected and reviewed.

|   |                              |   |  |
|---|------------------------------|---|--|
|   |                              | <ul style="list-style-type: none"> <li>• Recognition letter from the management unit (KPH, National Park, Conservation Agency, etc., along with supporting decree)</li> <li>• Legal status (which must be established prior to the identification process).</li> </ul> <p><i>Procedural:</i> Community planning documents (such as PS management plans, farmer group plans, etc.) specify activities that are consistent with approved ERP activity categories (refer to annex A)</p> |  |
| 2B: Villages – monetary benefits.       | Performance & Socio-economic | <p><i>Administrative:</i> Track record of 3 years of high performance in management of village development funds.</p> <p><i>Procedural:</i></p> <ul style="list-style-type: none"> <li>• The village formally does not have programs for forest clearing or activities that support deforestation and forest degradation in its surrounding area.</li> <li>• The Village has signed an MoU committing to use of funds in accordance with ERP goals.</li> </ul>                        | SISKEUDES  |
| 2C: Villages – non-monetary benefits.   | Performance & Socio-economic | <p><i>Procedural:</i></p> <ul style="list-style-type: none"> <li>• The village formally does not have programs for forest clearing or activities that support deforestation and forest degradation in its surrounding area.</li> <li>• The Village has signed an MoU committing to use of funds in accordance with ERP goals.</li> </ul>  | BSM SNPMU Team, referring to village development plans (RPJMDes) and budgets (APBDes).   |
| 3. Private companies/concession holders | Performance                  | <p><i>Performance, administrative:</i> Verified contributions to ERs, from MAR data.</p> <p><i>Administrative:</i></p> <ul style="list-style-type: none"> <li>• Private sector companies in the forestry and plantation sectors must have environmental documents (UKL/UPL or AMDAL); and</li> <li>• Must have one of the following permits:</li> </ul>   | <p>Emission calculation results submitted by MAR to SNPMU</p> <p>SNPMU team, referring to the documents mentioned in this table, submitted by potential beneficiaries.</p> |

|                          |                       |   |   |
|--------------------------|-----------------------|---|---|
|                          |                       | <ul style="list-style-type: none"> <li>○ Forest Nature Utilization Business Permit (PBPH Hutan Alam)</li> <li>○ Forest Plantation Industry Business Permit (PBPH Hutan Tanaman Industri)</li> <li>○ Environmental Services Business Permit (PBPH Jasa Lingkungan)</li> <li>○ Plantation Business License (Izin Usaha Perkebunan – IUP)</li> </ul> <p><i>Administrative – Forestry companies must also have:</i></p> <ul style="list-style-type: none"> <li>• A Sustainable Production Forest Management Certificate (Pengelolaan Hutan Produksi Lestari (PHPL)) for three years</li> </ul> <p><i>Administrative – Plantations must also have:</i></p> <ul style="list-style-type: none"> <li>• Plantation business permits (Izin Usaha Perkebunan/IUP and Hak Guna Usaha/HGU)</li> <li>• Document/copy of ISPO certificate (specific to oil palm plantation companies).</li> </ul> <p><i>Administrative – Smallholder Palm Oil:</i></p> <ul style="list-style-type: none"> <li>• Having land used for plantation/agricultural activity under 4 ha.</li> <li>• Cultivation Registration Letter (Surat Tanda Daftar Budidaya, STDB).</li> </ul> |   |
| 4. NGOs and Universities | Supporting Activities | <p><i>Administrative:</i> Registered with the Ministry of Law and Human Rights (Kemenkumham) of the Republic of Indonesia.</p> <p><i>Procedural: Eligibility is determined based on technical review of submitted proposals.</i> Criteria will include the following, and will be outlined in detail in the PIM:</p> <ul style="list-style-type: none"> <li>• <i>Proposal content:</i> The proposal must be primarily focused on activities to support performance and/or low-carbon socio-economic development, consistent with a positive</li> </ul>  | <p>Registration certificate</p> <ul style="list-style-type: none"> <li>• Proposal review committee technical recommendation.</li> <li>• External/independent audit documents</li> </ul> |

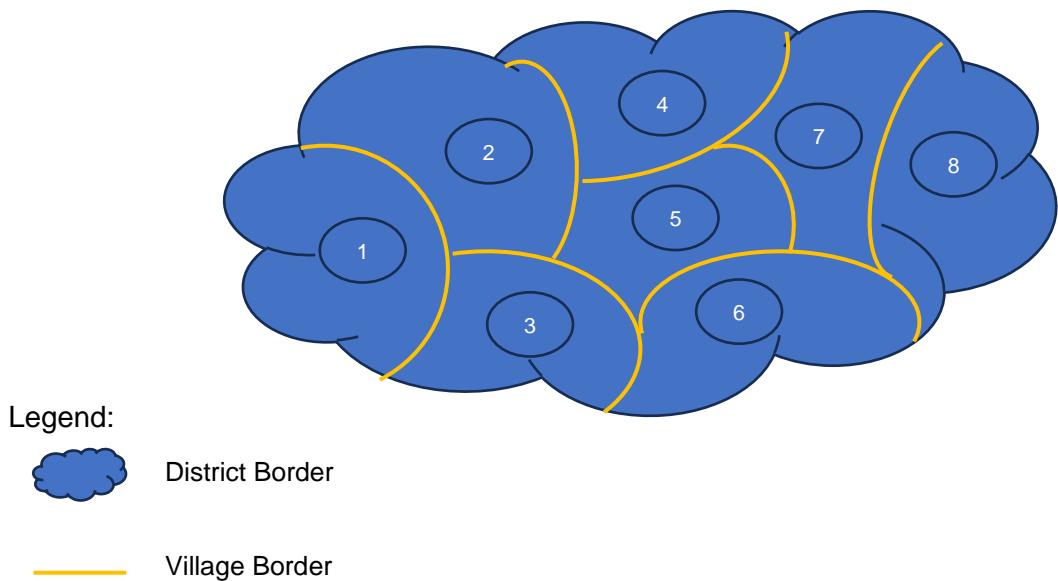
|  |  |  |  |
|--|--|--|--|
|  |  | <p>list of activity categories. A minimum of 70% of proposal budgets must be allocated to these activities.</p> <ul style="list-style-type: none"><li>• <i>Technical experience of the applicant:</i> Experience in programs and activities related to climate change such as strengthening forest governance, community assistance, biodiversity conservation, and the development of renewable energy, among others.</li><li>• <i>Institutional capacity of the applicant:</i> Administrative and financial governance aspects which can be seen from the reporting of previous projects and independent institutional audits.</li></ul> |  |
|--|--|--|--|

### 3.1.1. Identification of Villages or Community Groups for Performance and Socio-Economic Allocation

#### Performance Allocation<sup>26</sup>

**Figure 3.1 Villages in Performing Sub-districts as Eligible Beneficiaries**

**Option Chosen: All villages in the performing sub-district are beneficiaries.**



#### Socio-economic Allocation

The process of determining villages or communities as eligible beneficiaries for socio-economic allocation, will be carried out by the BSM SNPMU Team, following these steps:

- The BSM Team will collate village data in Jambi on livelihood's (primary sources of incomes and subsistence products), and the village's status in forming customary law community institutions. Livelihood structures can be determined based on three categories as follows:
  - On-Farm:** This means that the primary livelihood of the village community is agriculture, heavily relying on forests or natural resources. The majority of people in the village derive their livelihoods from land they own for cultivation or utilization.
  - Off-Farm.** This means that the livelihood of the village community is farming and depends on forests, but they do not own land; instead, they work on the land owned by others.

<sup>26</sup> The Final draft BSP will include a description and list of eligible villages within sub-districts based on MAR data. All villages within the performing sub-district are provisionally considered eligible beneficiaries. The following steps will then be used (and updated if needed) to identify eligible beneficiary groups within performance areas.

- *Non-Farm*. This means that the primary livelihood of the village community is no longer in the agricultural sector. Instead, it involves occupations such as civil servants (*Pegawai Negeri Sipil*, PNS), traders, entrepreneurs, and others.
- b. Based on this data, the BSM Team identifies villages that fall into the on-farm and off-farm categories.
- Villages that have the potential to become eligible beneficiaries for this allocation are those that fall into the on-farm and off-farm categories only.
  - Villages that fall into the non-farm category will be excluded.
- c. To prioritize villages falling into the on-farm and off-farm categories, the status of villages in forming customary law community institutions will be checked. The results of this check will be confirmed with the Safeguards Team in SNPMU.
- The prioritized villages will be validated and verified by the BSM Team in coordination with the Safeguards Team. In the validation and verification process, the BSM SPMU team, in coordination with the Safeguards team, will ensure the compatibility of village data and information with the eligible beneficiaries' criteria for socio-economic incentives that have been prepared.<sup>27</sup>
  - If a village in the validation and verification process does not meet the criteria, the data and information are returned to the village through the Sub-District or the Community Empowerment Agency (*Dinas Pemberdayaan Masyarakat Desa*, DPMD) or Bappeda.
    - a. If they do not meet the criteria as a result of a data submission error, the actual data can be corrected. However, if there is a formal administrative issue that cannot be justified for modification (for example, in the case of a village, if the institutional certificate is not valid or there is an issue with the village's customary institution status), the potential beneficiary (village) is officially removed and has no further opportunity unless they meet the requirements in the next phase (or phase 2) by completing all necessary conditions.

Validation, verification, and registration:

Once basic performance and socio-economic targeting are established and tentative allocations are calculated (see section 3.2), the designation of eligible beneficiaries at the community/village level consists of the following steps:

- 1) Confirming the legal status of the village, and presence of community groups, including social forestry groups.<sup>28</sup>
- 2) Determining the appropriate recipients in eligible villages – community groups or village government. Where community groups are present, the preference is to channel

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<sup>27</sup> If all prioritized villages meet the established criteria, they can all be proposed as eligible beneficiaries. However, the BSM team, based on institutional agreements with SNPMU, can determine the quota for the number of villages, considering the anticipated RBP and the status of customary institutions. For example, there might be a quota for only 150-200 villages. These details will be provided in the Final Draft based on updated socio-economic data and performance allocations.

<sup>28</sup> The Final BSP will allocate specific responsibilities for this task, which will include conducting outreach activities to identify eligible community groups.

benefits to them directly.<sup>29</sup> For groups, the validation and verification process aims to ensure the following:

- a. Groups are legally recognized entities residing in Jambi.
  - b. They possess valid land ownership in the vicinity of forest or plantation areas.
- 3) Where community groups are not suitable recipients,<sup>30</sup> Village Governments will be designated recipients. The SNPMU will determine eligibility for monetary benefits (preferred option) based on a strong track record of 3 years of adequate performance in village financial management. Villages with a financial report rated GOOD for 3 consecutive years by the Regional Inspectorate will be eligible for monetary benefits. This information will be provided in advance, so that estimates of benefit type are available to the SNPMU for planning purposes. Detailed procedures will be included in the PIM. Villages which do not meet this standard will be classified as eligible only for non-monetary benefits.
- 4) PADIATAPA and registration. Eligible beneficiaries are approached by outreach officers who are responsible for:
- c. Informing them about the JERP, including timelines, eligibility conditions, and grievance redress mechanisms. Minimum requirements for socialization and communication activities will be outlined in the PIM, and will include measures to ensure information reaches a full cross-section of society, including often excluded groups such as women, adat communities, or youth.
  - d. Seeking the Free, Prior, and Informed Consent (FPIC, or PADIATAPA) of local populations in target villages to participate as registered as beneficiaries.
    - i. In each PADIATAPA process, the village or local community receives comprehensive information about the program through socialization processes. This includes key aspects such as the program's purpose, associated benefits, utilization methods, involved parties, respective roles, implementation timeline, and operational guidelines. Following the socialization, the village or community retains the autonomy to decide whether to participate in the program.
    - ii. In the event of unwillingness expressed by a village or community, it may be excluded from the list of beneficiaries. Conversely, if a village or community agrees, and MoU will be signed, and it will be added to the list of beneficiaries for subsequent participatory planning exercises to determine and validate eligible allocation of benefits. The MoU template and detailed PADIATAPA process will be outlined in the PIM.
- a) Villages or communities who agree to participate as eligible beneficiaries are registered in the SRN by the management unit under the monitoring and supervision of SNPMU.
- a. If there are groups or villages that do not meet the criteria, the data and information are returned to the management unit to be checked and forwarded to the potential beneficiaries. If it is only a matter of data transmission error, the actual data can be corrected. However, if it is a formal administrative issue that

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<sup>29</sup> The Final BSP will allocate specific responsibilities for this task, which will include conducting outreach activities to identify eligible community groups. The Final Draft will elaborate this process further.

<sup>30</sup> Further standards and criteria will be included in the Final BSP to determine whether community groups are suitable recipients.

- cannot be justified for correction, the potential beneficiary is officially removed and will not have another chance to qualify as an eligible beneficiary.
- b. Villages or communities that, based on the results, do not qualify as eligible beneficiaries can file objections or complaints through the Feedback and Grievance Redress Mechanism (FGRM) established by the program.

**Table 3.4. Required Data for Validation and Verification**

| Beneficiary | Required Data for Validation and Verification   |
|-------------|---|
| Group       | <ul style="list-style-type: none"> <li>▪ Legal status of the community (at least at the village head level)</li> <li>▪ Community ID cards (KTP) must be from the local village in the Jambi Province.</li> <li>▪ Land Ownership Certificate (<i>Sertifikat Hak Milik</i>, SHM) for land ownership.</li> <li>▪ Recognition letter from the management unit (KPH, National Park, Conservation Agency, etc., along with supporting decree)</li> <li>▪ Community planning documents (such as social forestry management plans, farmer group plans, etc.)</li> </ul> |
| Village     | <ul style="list-style-type: none"> <li>▪ Village Medium-Term Development Plan (RPJMDes)</li> <li>▪ Village Revenue and Expenditure Budget (APBDes)</li> </ul>   |

- 5) Verifying and validating community/village plans. Once villages in a sub-district are registered, the LEMTARA and SNPMU will be able to plan outreach and support activities to facilitate submission of budgets/spending plans. This step involves the outreach officers collecting village/community planning documents needed to verify their eligibility as participants (see table 3.3), and to support preparation of such plans in villages that have not yet allocated their village budgets. *Note that this step will need to be aligned with the annual village planning cycle in the village receiving monetary benefits.* Further details of work planning procedures will be provided in the PIM, and will specify measures to ensure inclusive village planning processes are promoted.
- a. For villages, the village planning and verification process for village-level beneficiaries aims to ensure the following:
- iii. The village has planned and budgeted for eligible ERP activities such as forest protection programs, socio-economic development, and the development of alternative livelihoods (these activities will be specified in a positive list in the PIM, and are summarized in section 3.4).
  - iv. 30% of allocations for the ERP activities are specified for GESI activities (see chapter 5).
  - v. The village formally does not have programs for forest clearing or activities that support deforestation and forest degradation in its surrounding area (these activities will be specified in a negative list in the PIM).
- b. Villages or communities that, based on the results, do not qualify as eligible beneficiaries can file objections or complaints through the Feedback and Grievance Redress Mechanism (FGRM) established by the program.

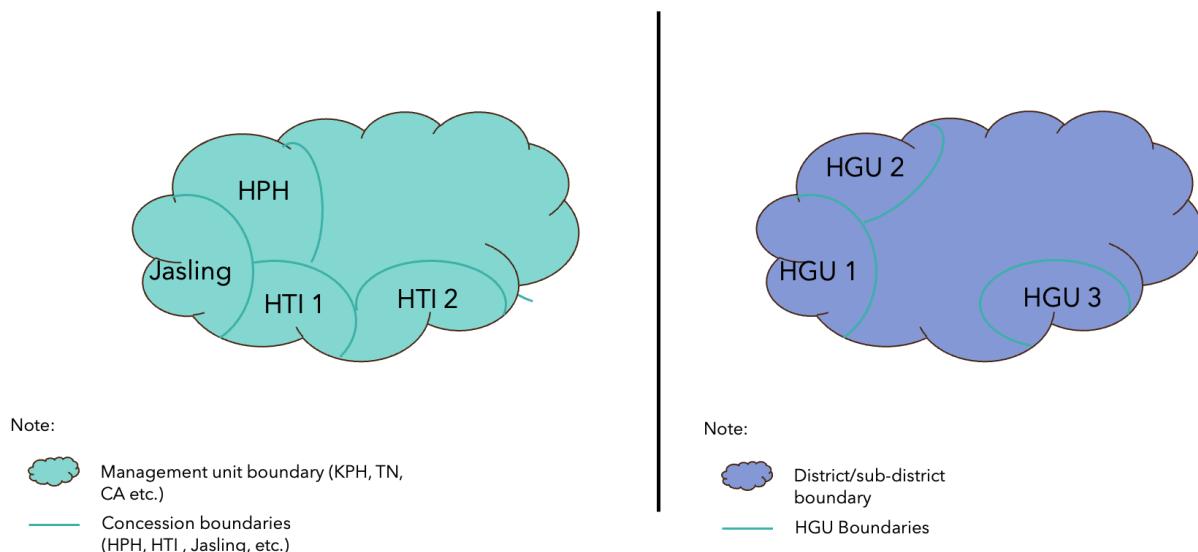
- 6) Validation and verification by the BSM Team SNPMU. During this stage, the BSM Team in SNPMU undertakes a revalidation and verification of the results of beneficiary identification by the management unit and sub-district team to ensure compliance. Details of the validation process will be elaborated further in the PIM.
- 7) Based on the results of validation and verification, the BSM team in SNPMU will finalize the calculation of the distribution of benefits per village/community, in accordance with procedures outlined in section 3.2.
- 8) The process of collecting data and information for calculating the distribution of benefits per village/community from the performance sub-district's measurement unit is done by requesting to the district/city government through an official letter from the Governor of Jambi.
- 9) Once all data is accessible, the BSM Team in SNPMU is tasked with computing the distribution of benefits per village/community group from the measurement unit of that performance sub-district.
- 10) The final calculation results will await validation and verification from the independent verification body appointed by the World Bank for the emission reduction calculation of the Jambi jurisdiction for 2020-2022 and 2022-2025 prepared by the MAR Team.
- 11) If there are no changes in the validation and verification results, the previous recapitulation can be submitted to the Governor of Jambi.
- 12) If there are changes in the validation and verification results, adjustments will be made to the benefits per beneficiary (village/community) according to the verified emission reductions.
- 13) The compiled results of villages/communities and the corresponding benefits for each validated and verified village/community are presented to the Governor of Jambi for approval and endorsement.
- 14) Prior to the issuance of the Governor's Decree (SK Gubernur) by the Governor of Jambi for the determination or endorsement of beneficiary villages/communities, the recapitulation documents are submitted to the Directorate General of PPI KLHK for approval. Upon receiving approval from the Directorate General of PPI-KLHK, the Governor of Jambi can promptly release the Governor's Decree (SK Gubernur Jambi) pertaining to Eligible Beneficiaries for JERP, particularly for community groups or villages.

### **3.1.2. Identifying Companies for Performance Allocation**

Identification of beneficiaries from the private sector or companies will be carried out by the BSM Team of SNPMU through the following stages:

- 1) The Final draft BSP will include a description and list of performing management units and sub-districts based on MAR data. The BSM Team in SNPMU will initially wait for the results from the MAR Team regarding the performance of utilization units (or permit holders) in the KPH area and/or other areas within the jurisdiction of Jambi. The MAR Team will assess at the level of the management unit or KPH first and then at the level of the utilization unit (Figure 2.3). The MAR Team will convey the emission calculation results to the SNPMU, including the BSM Team, the Provincial Government, and the Directorate General of PPI-KLHK. The emission calculation results for 2020-2022 will be presented

by the end of 2023, and the emission calculation for 2022-2025 will be presented by the end of 2026. Preliminary estimates of the number and type of performing companies will be included in the Final draft BSP.



**Figure 3.2 Identification of Companies in the Forestry and Plantation Sectors**

- 2) Based on the analysis results from the MAR Team, the BSM Team will check the specific criteria for private sector beneficiaries, especially for companies assessed as performing well. The criteria include:
  - Private sector companies in the forestry and plantation sectors must have environmental documents (UKL/UPL or AMDAL).
  - Possess a Forest Utilization Business License (PBPH) for private forestry sector companies.
  - Have a Business Use Rights (*Hak Guna Usaha*, HGU) permit for private plantation sector companies.
  - Obtain a Sustainable Production Forest Management Certificate (Pengelolaan Hutan Produksi Lestari (PHPL) for three years (for businesses in the forestry sector).
  - Acquire the Indonesia Sustainable Palm Oil (ISPO) certificate for companies in the plantation sector, especially palm oil companies.
  - Specifically for small-scale oil palm plantation farmers (smallholders), it is only ensured that they have a Cultivation Registration Letter (*Surat Tanda Daftar Budidaya*, STDB).
- 3) If the company performs well and meets the specific criteria, the BSM Team, along with the company's supervisor (for example, the Provincial Forestry Agency for forestry companies and the Provincial Plantation Agency for licensed plantation companies), will contact these companies, both in the forestry and plantation sectors.

- In this case, a consultation process is conducted, either formally or informally, to inquire about the company's willingness. If the company is willing, it will be temporarily placed on the list of beneficiaries. If not, it will be removed.
  - Second, the contribution and role of these companies are acknowledged by the Forest Management Unit (KPHP) for forestry companies and by the Provincial/Regency Plantation Agency (depending on the government granting the permit) for plantation companies.
- b. Subsequently, these companies are validated and verified by the BSM Team in coordination with the Safeguards Team and the MAR Team in SNPMU.
- c. In the process of validation and verification, the BSM Team in SNPMU will request or collect the following data and information through the relevant government agencies or KPH overseeing the companies:
- Document/copy of PHP certificate (specific to forestry companies).
  - Document/copy of ISPO certificate (specific to oil palm plantation companies).
  - Permit documents such as Perizinan Berusaha Pemanfaatan Hutan (PBPH) for forestry companies, and plantation business permits (Izin Usaha Perkebunan/IUP and Hak Guna Usaha/HGU) for plantation companies, along with the certificate of land ownership (Sertifikat Hak Milik/SHM) or poradik (a certificate of ownership from the village) for oil palm smallholders.
  - For oil palm smallholders, there should be a Cultivation Registration Letter (STDB).
  - Business Work Plan (RKU) and Annual Work Plan (RKT) for forestry companies.
  - HGU plan for plantation/palm oil companies.
  - Harvesting and sales plan for oil palm smallholders.
  - Contribution program/activity plans from each company nominated as eligible beneficiaries for JERP (beyond their mandatory obligations, for example, if there are protected areas within the company's permit location, it is an obligation, not a contribution). Examples of contributions include:
    - If there are permit areas designated for clearing and logging, but due to participation in JERP, the company prevents logging in those areas.
    - Conducting community empowerment activities around the permit area by developing alternative livelihoods.
    - Establishing a voluntary fire management team or a community fire care team, and other activities.
- d. In the validation and verification process, the BSM Team in SNPMU will ensure the alignment of data and information of beneficiaries with the established eligible beneficiaries' criteria.
- If a company, in the course of the validation and verification process, fails to meet the criteria, the data and information are sent back to the company through the supervising Agency, which also reviews the report/explanation from the BSM Team
  - If the issue pertains solely to a data transmission error, corrections can be made to the actual data. However, if it involves a formal administrative matter that cannot be

- justified for modification (such as in the case of forestry companies with certificates other than PHPL certificates, invalid or expired RKUs, permits undergoing revocation, and similar scenarios), the prospective beneficiary (company) is officially excluded and will not be reconsidered as an eligible beneficiary, unless rectified in the future and subject to re-validation and verification (for the second term of RBP).
- e. Should there be prospective beneficiaries, specifically companies, who disagree or have complaints concerning the verification and validation results, they are entitled to submit their complaints to the Feedback and Grievance Redress Mechanism (FGRM) offered by JERP.
  - f. The outcomes of validation and verification, in conjunction with the summary of benefit calculations for each company, encompassing both forestry and plantation companies, from the KPHP performance measurement unit, are assembled by the BSM Team in SNPMU for reporting to the PTC. Subsequently, the PTC submits it to the Governor of Jambi.
  - g. The ultimate calculation results will be pending the validation and verification outcomes from the independent verification institution designated by the World Bank for the computation of emission reductions in the Jambi jurisdiction for the periods 2020-2022 and 2022-2025, as prepared by the MAR Team.
    - If there are no changes after the validation and verification, the previous recapitulation can be submitted to the Governor of Jambi.
    - If there are changes after the validation and verification, adjustments will be made to the benefits per beneficiary (company) according to the verified emission reductions.
  - h. The summary of companies and the corresponding benefits for each company that have undergone validation and verification will be presented to the Governor of Jambi for approval and endorsement.
  - i. Prior to the issuance of the Governor's Decree for the determination or endorsement of beneficiary companies (potentially combined with beneficiaries from the government, villages/communities, NGOs, and universities), the summary document is initially forwarded to the Directorate General of PPI KLHK for approval. Upon receiving approval from the Directorate General of PPI KLHK, the Governor can proceed to release the Governor's Decree on Eligible Beneficiaries for JERP, particularly in the case of companies.

### **3.1.3. Identification of Civil Society Organizations and Universities for Supporting Activities Allocation**

Identification of beneficiaries from NGOs and universities for supporting activities through the proposal submission mechanism will be conducted by the BSM SNPMU Team, who will launch a competitive call for proposals. The following steps will be followed:

- a. In preparation for the launch of the call for proposals, the SNPMU will complete the design of the proposal application, review, and approval process and document it in the PIM. It will include the following features:
  - Roles and responsibilities of relevant agencies, with the aim of streamlining procedures while ensuring checks and balances to limit conflict of interest and ensure objective proposal scoring.

- Development of proposal template (narrative and financial) and proposal appraisal criteria with scoring/assessment template. Templates will be aligned with monitoring and reporting requirements of the ERP as much as possible.
  - SOPs and timelines for key activities: advertising/outreach about the process to prospective applicants, proposal submission process, proposal review/assessment process, verification process, decisions/confirmation process, announcement of selection results, and monitoring and reporting processes.
- b. Once the ERPA is signed and provisional MAR data is received, the Provincial Government of Jambi will openly and transparently announce the call for proposals to the public. The announcement will be made available through multiple channels and will include critical information such as minimum and maximum grants sizes, conditions, and timelines for application processing and grants awards. Further details of communications methods will be elaborated in the PIM.
- c. The BSM and Safeguards Teams in SNPMU will nominate members of a proposal review and scoring committee. Members qualifications and positions will be further elaborated in the PIM.
- d. Proposals from NGOs and universities will be evaluated transparently and accountably in accordance with the procedures outlined in the PIM. The evaluation criteria will include at least the following aspects:
- Substance of the proposal. The proposal will need to support either supporting activities (such as community/village and KPH or management unit assistance in implementing climate change mitigation or forest degradation and deforestation prevention actions, forest fires, etc.), or programs and activities related to climate change (such as strengthening forest governance, community assistance, biodiversity conservation, and the development of renewable energy, among others).
  - Administrative and financial governance aspects, which can be seen from the reporting of previous projects and independent institutional audits.
- e. Proposal submissions by NGOs and universities must include the following as minimum requirements for validation and verification by the BSM and Safeguards Teams:
- Proposal containing at least: background, objectives, context, relevance of the proposed program and activities to the JERP, targets, goals, duration, and budget.
  - Legal establishment documents of the institution
  - Institution profile (including website links where available)
  - Institution works experience.
  - Activity reports for the last 3 years
  - Financial reports and independent audit results for the last 3 years.
- f. The proposal review committee will wait until the application period has closed, then identify proposals and institutions with the best scores.
- g. Based on the validation, verification, and assessment results, the BSM Team will present the outcomes, namely the selected NGOs and universities along with their budgets, to the SPMU.

- h. The assessment results prepared by the BSM Team at SPMU will be reported to the PTC. The PTC will then submit it to Governor of Jambi.
- i. Before the Governor of Jambi issues the Governor's Decree for the determination of NGOs and universities as eligible beneficiaries, the recapitulation documents will be sent to the Directorate General of PPI-KLHK for approval. Once the Directorate General of PPI-KLHK has given approval, the selected NGOs and universities will be announced to the public through the Governor's Decree on Eligible Beneficiaries for JERP, including through the Government of Jambi and JERP Program websites.
- j. If potential beneficiaries, in this case, NGOs and/or universities, are not satisfied or have complaints regarding the verification and validation results, they can submit their complaints to the Feedback and Grievance Redress Mechanism (FGRM) provided by JERP.

#### **3.1.4. Estimation of eligible beneficiaries**

Potential beneficiaries for each group of beneficiaries, i.e., governments; communities or villages, NGOs, and private sectors, can be estimated using administrative and performance data from the Government of Jambi. Jambi province has 1,552 villages. There are 24 villages within forest areas (*kawasan hutan*), 248 villages that intersect directly with forest areas (forest-fringe villages), 908 villages surrounding forest areas, and 372 villages that are far away from forest areas. Based on the outcomes of discussions with the Safeguards Team, stakeholders estimated that 24 villages in forest areas and 248 villages intersecting with forest areas (272 villages) which are likely to be eligible beneficiaries. Meanwhile, stakeholders estimated that only half of 908 villages surrounding forest areas are likely to contribute to reducing emissions. It means that 454 villages are likely to be eligible beneficiaries. According to this estimation, there are approximately 726 villages that could be eligible beneficiaries.<sup>31</sup>

In addition, there are 426 social forestry (Perhutanan Sosial, PS) licenses in Jambi according to Provincial Forestry Service (Dinas Kehutanan Provinsi) in 2023. The PS license holder groups are likely to be eligible beneficiaries as they contribute directly to manage forest areas.

According to Jambi Government data, there are 2 Permit holders for Forest Utilization Businesses for Natural Forest (Perizinan Berusaha Pemanfaatan Hutan – Hutan Alam, PBPH – HA), 20 PBPHs for Plantation Forest (PBPH-HT), and 2 PBPHs for Environmental Service (PBPH-Jasling) and 186 palm oil licenses (Izin Usaha Perkebunan, IUP) in Jambi province for the private sector. Based on stakeholders' analysis concerning Sustainable Production Forest Management Certificate (Sertifikat Pengelolaan Hutan Produksi Lestari, PHPL) data in Jambi, there are currently 2 PBPH-HAs and 16 PBPH-HTs that can be proposed or have the potential to be eligible beneficiaries. Meanwhile, referring to stakeholders' analysis about IUP for palm oil, only about 40 palm oil licenses (IUPs) or companies that have applied for the Indonesia Sustainable Palm Oil (ISPO) certificate.

Eligible beneficiaries from government include 13 FMUs (as Provincial Technical

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<sup>31</sup> Updated figures will be provided in the Final BSP following the results of the MAR assessment.

Implementation Unit or Unit Pelaksana Teknis Provinsi, UPTD) and 4 National Park (Taman Nasional, TN) Units, as well as 4 Natural Resource Conservation Centers (Balai Konservasi Sumber Daya Alam, BKSDA). Jambi has 10 districts (including cities), and stakeholders believe that all of them have the potential to contribute to performance, except Jambi city. Meanwhile, stakeholder consultation identified potential eligible beneficiaries from NGOs and Universities. There are approximately 5 NGOs expected to qualify (based on analysis by the Jambi Government of NGO capacity, both substantial and financial, and considering the limited pool of available funds for NGOs and universities). Stakeholders also identified 4 universities (2 state-owned universities and 2 private universities). Table 3.5 shows a list of potential eligible beneficiaries from governments, communities (including social forestry groups) or villages, private sector companies, NGOs, and universities.

Table 3.5. Potential Eligible Beneficiaries for JERP

| Beneficiaries Group        | Entity                                 | Number of Entity |
|----------------------------|--|------------------|
| National Government        | National Park Unit                     | 4                |
|                            | Natural Resource Conservation Center   | 4                |
| Provincial Government      | Forest Management Unit                 | 13               |
|                            | District/City government               | 9                |
| Community                  | Community or village                   | 726              |
|                            | Social Forestry Group                  | 426              |
| Private Sector             | Natural Forest Concession (PBPH -HA)   | 2                |
|                            | Plantation Forest Concession (PBPH-HT) | 16               |
|                            | PBPH Jasling                           | 2                |
|                            | Palm Oil Company (IUP)                 | 40               |
| University                 | State owned University                 | 2                |
|                            | Private University                     | 2                |
| Civil Society Organization | CSO                                    | 5                |
| <b>TOTAL</b>               |  | <b>1.256</b>     |

### 3.2. Determination of Benefit Allocation

The benefits or RBP funds allocated to the Province of Jambi from JERP are categorized into various components. Per an agreement among stakeholders, the components and their respective allocation proportions within the RBP funds from JERP are outlined in Table 1.1 above. The allocations for benefits are determined based on the process outlined in this section, and summarized in table 3.3 below.

Benefits allocation is prioritized based on the following factors:

- *Performance*: Targeting those contributing most to generating ERs, namely 'Land Managers' in both non-forest areas and Forest Management Units (FMUs/KPH).
- *Socio-economic incentives*: Beneficiary groups most vulnerable to changes in land management, namely communities dependent upon on-farm and off-farm livelihoods, and those with historical relationships to the land (customary institutions).
- *Supporting activities*: Activities directly supporting JERP activities and outcomes conducted by civic and educational institutions.

*Table 3.3. Determination of Benefit Allocation for the JERP*

| Component of Allocations  | Proportion of RBP | Beneficiaries  | Total possible allocation based on achievement of contracted ERs (USD) |
|---------------------------|-------------------|--|--|
| Performance               | 57%               | Approximately 1,152 Villages, Community Groups (including Social Forestry Groups and other groups), and 30 Forest Management Unit (KPH) conservation units, and 60 private entities. | \$39,900,000   |
| Performance buffer        | 6.5%              |  | \$4,550,000  |
| Socio-Economic Incentives | 9.5%              | Approximately 726 villages that contribute to the socio-economic reduction of emissions by considering livelihood structures and customary institutions                              | \$6,650,000  |
| Supporting Activities     | 2.85%             | Approximately 9 NGOs and Universities/Research Centers   | \$1,995,000  |

### 3.2.1. Performance Allocation

This allocation is designated for beneficiaries who directly contribute to emission reduction, and such contributions are quantifiable. Performance in ERs will be attributable in the MAR system to KPH, conservation units (such as national parks, Natural Resources Conservation Agency/BKSDA, and others), and private concessions. Final beneficiaries within these areas will include social forestry groups (PS), villages or community groups, and private sector companies. In forest areas, beneficiaries include PS and companies, which manage utilization units within management units (KPH or conservation units). Businesses, including Natural Forest Business Permit (PBPH Hutan Alam), Plantation Forest Business Permit (HTI), and Environmental Services (Jasling), as well as PS, possess measurable permit areas. Initially, the performance of the management unit (KPH or conservation unit) is measured based on agreed-upon criteria. Subsequently, predicated on the performance of the management unit, the performance of utilization units within that management unit can be gauged using the permit area.

*Table 3.4 Measurement Unit for Performance Allocation*

| No. | Approach                                    | Beneficiary  | Measurement Unit   |
|-----|---|--|--|
| 1   | Forest Area ( <i>forest area approach</i> ) | Social Forestry Groups, PBPH (HPH, HTI, Environmental service) | The Management Unit (KPH and conservation units) is then cascaded down to the utilization units (permits). |
| 2   | Non-Forest Area ( <i>non-</i>               | Plantation Business Permit (IUP)                               | Utilization Unit based   |

|  |                         |                              |   |
|--|-------------------------|------------------------------|---|
|  | <i>forest approach)</i> |                              | on permit area                          |
|  |                         | Village or local communities | Sub-district administrative boundaries* |

Notes: \*) The administrative boundaries of sub-districts are used because the spatial boundaries of villages are not yet definitively established based on available data, including data from the Central Statistics Agency (BPS).

As for beneficiaries situated outside the forest area, particularly villages or community groups not under social forestry (PS), the measurement unit is established based on sub-district administrative boundaries. This decision is made due to the current ambiguity or lack of clear establishment of village boundaries according to existing data, including village boundary data from the Central Statistics Agency (Badan Pusat Statistik, BPS). To preclude potential conflicts, the sub-district administrative boundaries are selected as the measurement unit. The performance measurement for villages or community groups involves two stages. Initially, performance is assessed based on sub-district administrative boundaries. Subsequently, after identifying the performing sub-districts, the allocation to villages is determined using an allocation formula.<sup>32</sup>

**Table 3.5. Criteria and Indicator for Performance Allocation from Sub-district Measurement Unit to the Village/Community Level.**

|    | Criteria   | Weighted | Point | Indicator  | Verification Document  |
|----|--|----------|-------|--|--|
| P1 | Programs Related to Emission Reduction in Village Planning<br>Budget Allocation for Emission Reduction | 40%      | 1     | No programs related to emission reduction in village planning.   | Village Planning: <ul style="list-style-type: none"><li>• Medium-Term Village Development Plan (RPJMDes) and</li><li>• Village Government Work Plan (RKPDes)</li></ul> |
|    |  |          | 3     | There are 1 or more programs related to emission reduction in village planning.  |  |
|    |  |          | 5     | There are 1 or more programs related to emission reduction and the implementation of environmental and social impact mitigation involving marginalized groups. |  |
| P2 | Programs Related to Emission Reduction in Village Planning   | 30%      | 1     | No budget allocation for activities related to emission reduction.   | Village Revenue and Expenditure Budget (APBDes)  |
|    |  |          | 3     | There is a budget allocation for 1 or more activities related to emission reduction.   |  |

<sup>32</sup> The exact formula will be elaborated in the Final Draft following MAR data analysis and further consultations with affected stakeholders. This formula will be based on the criteria summarized in table 3.5 and further detailed below.

|    |  |     |   |  |  |
|----|--|-----|---|--|--|
|    | Budget Allocation for Emission Reduction                   |     | 5 | There is a budget allocation for 1 or more activities related to emission reduction, and the audit status of the Village Financial Management and Administration (APBG) is considered Good (Qualified) by the Provincial Regional Inspectorate of Jambi Province |  |
| P3 | Programs Related to Emission Reduction in Village Planning | 20% | 1 | Does not have customary institutions or institutions for the management of natural resources and the environment.  | <ul style="list-style-type: none"> <li>• Village Head's Decision or</li> <li>• Village Regulation (Peraturan Desa / Perdes)</li> </ul> |
|    |  |     | 3 | Has customary institutions or institutions for the management of natural resources and the environment in the village.   |  |
|    |  |     | 5 | Has customary institutions or institutions for the management of natural resources and the environment in the village and has funding or is funded by the village.   |  |

The score of each village within the sub-district administrative boundaries is calculated based on the sum of all criteria by weighting and multiplying values. Minimum and maximum benefits allocation per beneficiary class will be outlined in the POM, based on initial review of MAR performance data and

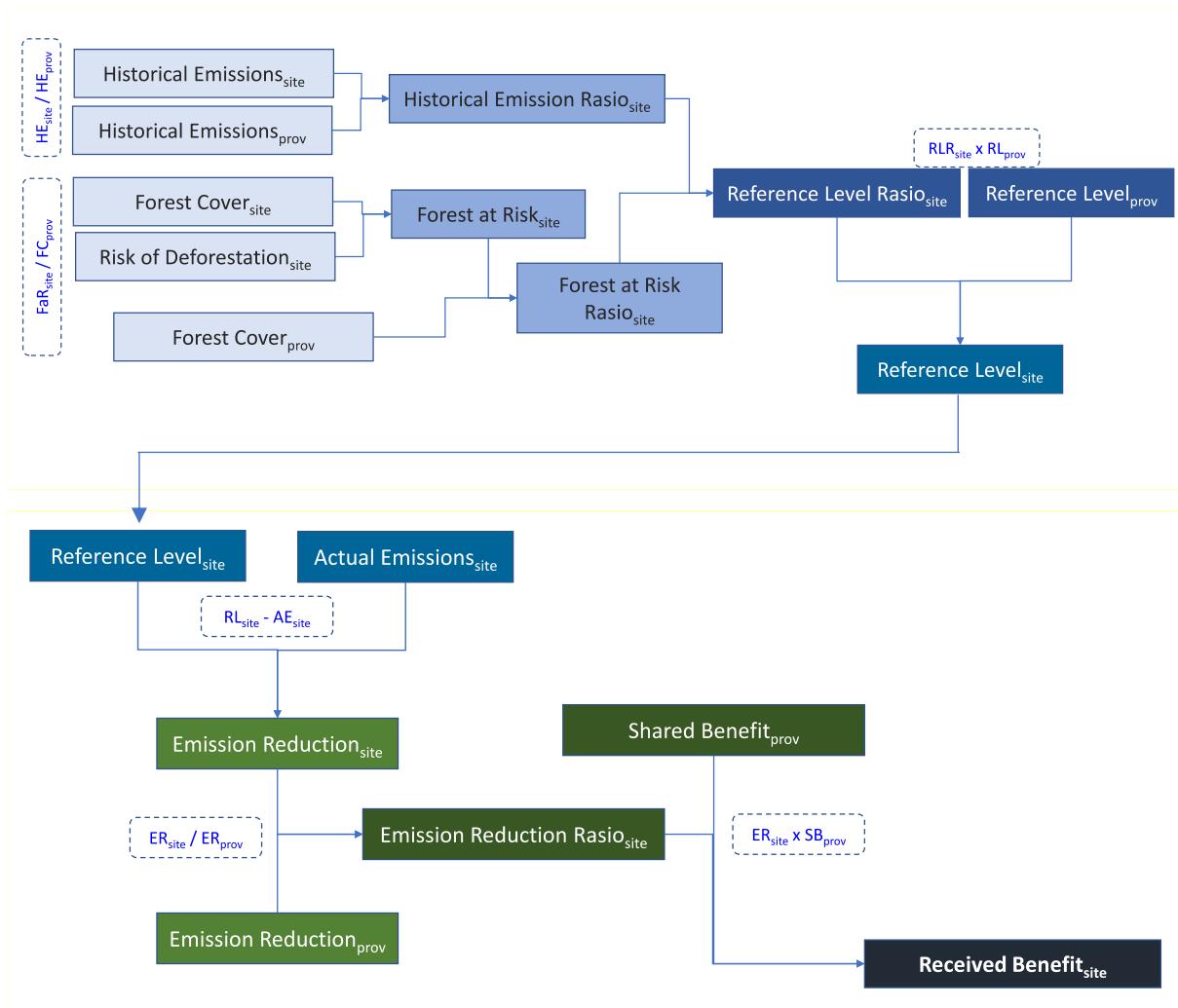
$$Di = P1 + P2 + P3$$

The proportional performance calculation of each village within a sub-district administrative area is carried out using the maximum-minimum index as follows.

$$\text{Index ADi} = 0,9 \times (Di - \text{Min D}) / (\text{MaxD} - \text{Min D}) \times 0,1$$

Min D is the smallest value among all villages in the sub-district administrative area, and Max D is the largest value among all villages in the sub-district administrative area. For villages that have not submitted reports, a score of 1 is assigned to each criterion.

As for IUP, especially oil palm plantations, even though they are outside the forest area, their performance can be directly measured within their permit area because they have clear permit boundaries. Performance measurement is carried out similarly to the measurement for PBPH holders in the forest area.

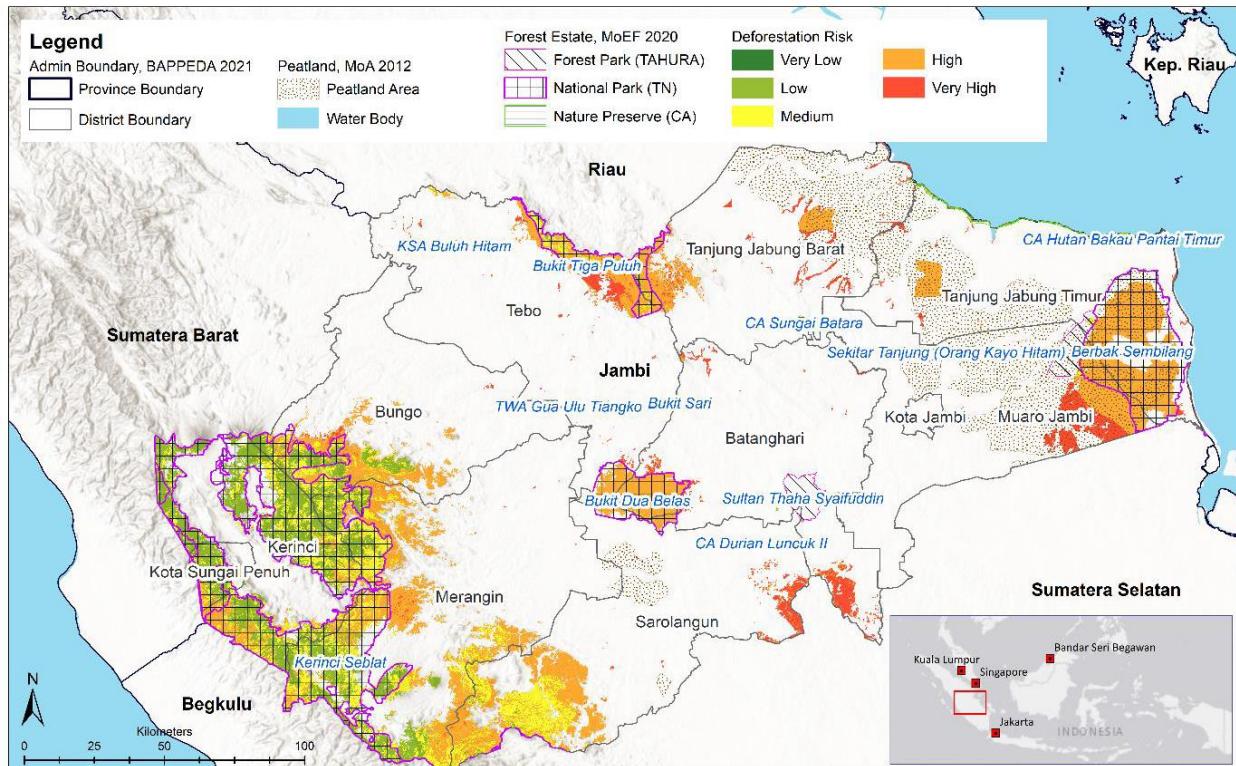


**Figure 2.4.** Calculation of performance allocation per measurement unit using historical emissions and forest cover at risk ratio criteria

The criteria and indicators for allocating performance benefits per measurement unit, specifically the utilization unit (within forest areas) and the district administrative boundary (outside forest areas, except for IUP), are outlined as follows:

- Criterion 1: Historical Emissions from each measurement unit. The indicator is CO2e (as per the components calculated by the MAR Team) based on land cover changes (weight: 50%).
- Criterion 2: Forest cover considering the risk of deforestation (forest cover at risk ratio). Indicator: Ha (weight: 50%)

## Risk of Deforestation in Jambi Province



**Figure 3.3 Risk Map of Deforestation in Jambi Province**

The Risk of Deforestation map, seamlessly integrated with the forest cover indicator by the MAR Team at SNPMU in the Province of Jambi, has given rise to the forest cover at-risk ratio (refer to Figure 2.5). This ratio serves as an additional layer of consideration alongside the MAR Team's simulation results. The simulation, which initially factored only historical emissions and forest cover indicators, displayed a tendency to allocate greater benefits to national parks, particularly the Kerinci Seblat National Park (TNKS), in comparison to the Forest Management Unit for Conservation (KPHL) and the Forest Management Unit for Production (KPHP) in the Province of Jambi. To uphold fairness in benefit allocation, stakeholders unanimously decided to incorporate deforestation risk as an additional factor.

Through spatial analysis depicted in the map, the deforestation risk within KPHP and KPHL is identified to be higher than in conservation units. This evaluation contributes to a more balanced distribution of benefits between conservation units managed by the Central Government and the Forest Management Units overseen by the Provincial Government. This strategic step aims to foster an equitable sharing of benefits across the entire region and the various forest management units within the Province of Jambi.

### 3.2.2. Social-Economic Incentive Allocation

The allocation of social-economic incentives from the benefits or RBP of JERP aims to reach beneficiary groups most vulnerable to changes in land management, namely communities dependent upon on-farm and off-farm livelihoods, and those with historical relationships to the land (customary institutions). This acknowledgment stems from the collective agreement of stakeholders at both the national and provincial levels, emphasizing

the significance of addressing economic factors as fundamental contributors to deforestation and forest degradation, and socio-cultural factors which support forest protection and sustainable management. A dedicated portion of the total benefits or RBP, amounting to 9.5%,<sup>33</sup> is earmarked for this social-economic incentive.

The distribution of this social-economic incentive adheres to a proportional mechanism, detailed in Sub-Sub Chapter 3.1.1. Villages eligible for performance allocations are entitled to receive additional benefits from this social-economic incentive, provided they meet the specified criteria.<sup>34</sup>

### **3.2.3. Allocation of Supporting Activities**

This allocation is dedicated to NGOs and universities in Jambi Province, with the purpose of bolstering the implementation of the Jambi Emission Reduction Program (JERP).

Both NGOs and universities will access the RBP funds of JERP for the allocation of these supportive activities through the call for proposal mechanism, detailed in Sub-Sub-Section 3.1.3.

## **3.3. Benefit Distribution**

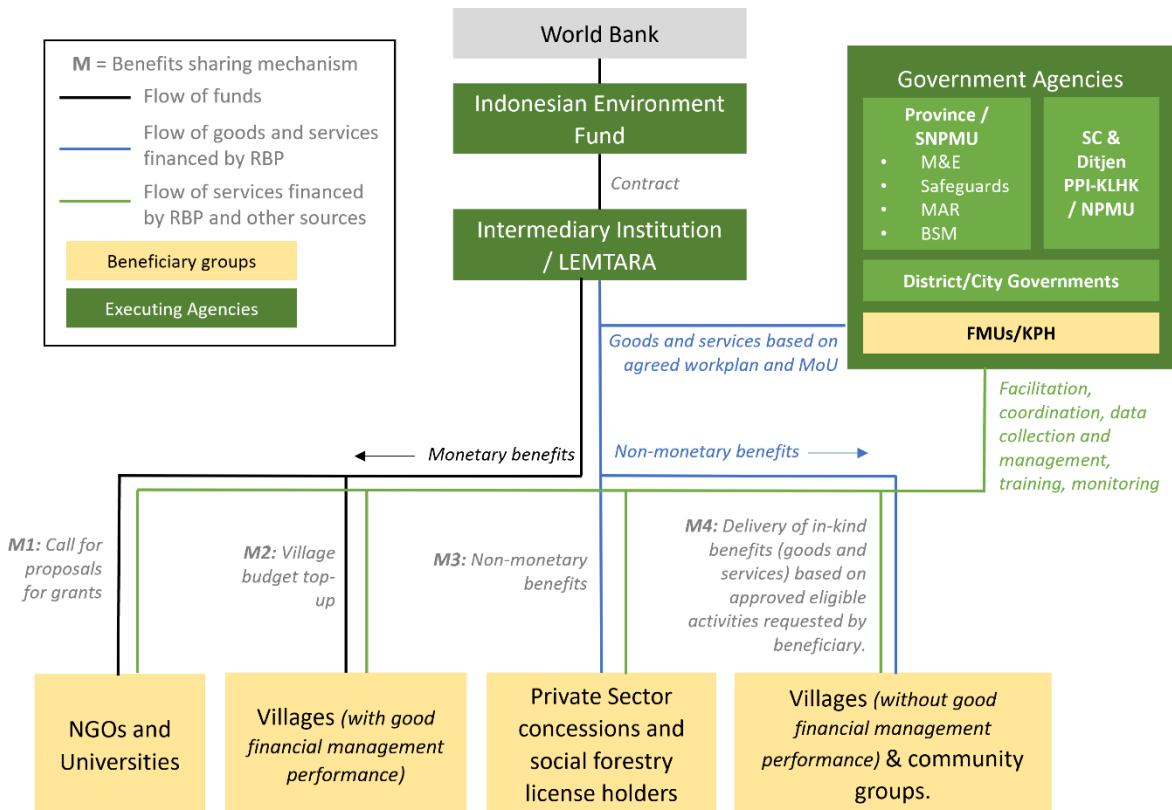
In accordance with the agreement reached among stakeholders in the Central Government and the Government of Jambi Province, the distribution of benefits within the Jambi Emission Reduction Program (JERP) RBP funds will be managed by LEMTARA, in order to provide sufficient management capacity and technical oversight to all levels of the process, and support to responsible government agencies at different levels. This distribution framework aligns with the options outlined in the Ministry of Environment and Forestry Regulation P.70/2017 on REDD+ and is further reinforced by the guidelines delineated in President Director Regulation of IEF No. 02/IEF/2022 on the Distribution of Environmental Funds. These guidelines explicitly include the option of distribution through Intermediary Institutions such as LEMTARA.

All funds allocated to beneficiaries will undergo a transfer process from IEF to LEMTARA (including through relevant government agencies to support their operational responsibilities in JERP) before being made available for utilization by the beneficiaries. The utilization may take the form of either cash or non-monetary benefits, as illustrated in Figure 3.4 below.

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<sup>33</sup> This allocation is subject to change in the Final BSP following results of the MAR assessment/further consultations.

<sup>34</sup> The allocation formula to divide this socio-performance allocation will be provided in the Final draft once further data analysis and stakeholder engagement have been conducted and is likely to include an even division between eligible beneficiaries, proportional to population of the beneficiary village.



**Figure 3.4. Mechanism of Benefit Distribution/Channeling of JERP RBP**

LEMTARA is entrusted with the responsibility of channeling benefits to beneficiaries through two distinct mechanisms:

1. Cash Transfer (Monetary): This avenue involves providing cash transfers to beneficiaries such as NGOs, universities, and villages (via village governments) that have consistently demonstrated robust financial capacity. In the case of villages, this is substantiated by three consecutive years of receiving a "Good" predicate in their financial reports (APBDes) from the District/City Inspectorate. In the case of NGOs, universities, or other agencies, independent financial audits and demonstrations of past experience managing similar volumes of funds are required. These groups will be capable of independently submitting financial reports to the LEMTARA based on agreed templates. In addition, the LEMTARA will maintain an oversight role, providing continued supervision to ensure responsible utilization of funds.
2. In-Kind Benefits: This approach is tailored for villages without a "Good" predicate in their financial reports from the District/City Inspectorate, as well as various community groups, including social forestry (PS). Villages and community groups lacking a "Good" financial predicate will receive benefits in-kind. LEMTARA, taking an active role in program implementation, collaborates closely with beneficiaries, including procurement of goods/services.

In this context, LEMTARA assumes the following roles:

- LEMTARA's roles include overseeing the effective implementation of programs, activities, and procurement, ensuring that benefits are distributed appropriately according to the agreed-upon methods.

- LEMTARA will serve as the distributor of benefits from IEF to cash beneficiaries, facilitating monetary benefits.
- LEMTARA will act as the cashier or paymaster for programs, activities, and procurement requested by beneficiaries and approved by the Government of Jambi and Ditjen PPI-KLHK.
- Involved in the process of verifying proposals from beneficiaries together with SNPMU or other institutions appointed by Jambi Province
- LEMTARA will function as the event organizer in collaboration with beneficiaries, assisting in the facilitation of programs, activities, and procurement as requested by the beneficiaries and approved.
- Monitoring and supervising the implementation of activities together with the M&E Team in SNPMU.
  - x

### 3.4. Use of Benefits

As outlined in Regulation No. P70/2017 on REDD+, there are generally three components for the use of benefits in jurisdiction-based emission reduction programs (RBP). These components include:

- Programs and Activities for Greenhouse Gas Emission Reductions (CO<sub>2</sub>e-):
  - Reduction of emissions from deforestation and forest degradation
  - Enhancement of carbon stock conservation in forests.
  - Sustainable forest management.
  - Increase in forest carbon stock.
- Programs and Activities for Socio-Economic and Non-Carbon Interests, Including:
  - Protection of ecological functions
  - Biodiversity protection
  - Strengthening livelihood
  - Improving forest and land government
  - Protection of essential ecosystem
- Programs and Activities for Pre-Condition Preparation, Including:
  - Enhancing institutional and human resource capacity.
  - Strengthening policy instruments and emission reduction programs.
  - Research and development.
  - Other pre-condition activities

Stakeholders in the Jambi Province have agreed on the following directions for the use of benefits or RBP JERP:

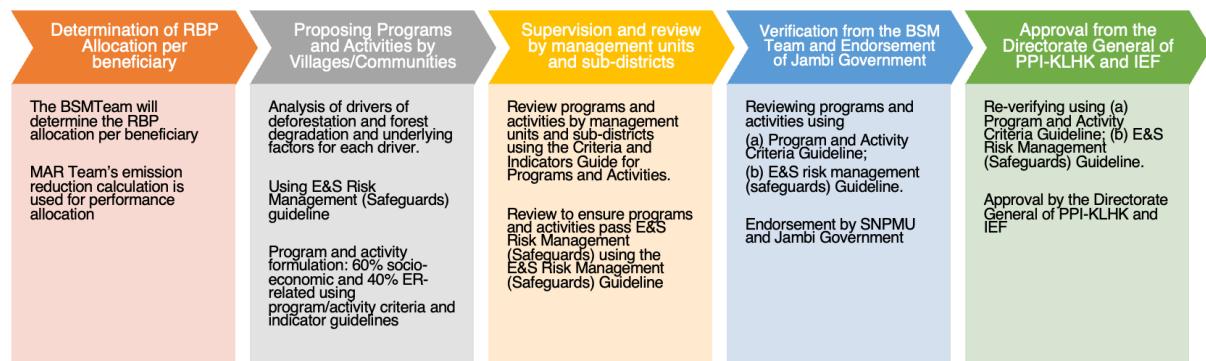
- 40% for programs and activities directly related to emission reduction.
- 60% for socio-economic-related programs and activities.

Furthermore, stakeholders have collectively agreed that each beneficiary must allocate a minimum of 10% of their total benefits for specific Gender Equality and Social Inclusion (GESI) activities. These GESI activities may be integrated into both emission reduction and socio-economic usage allocations. The focus of these specific GESI activities lies in fostering the socio-economic development of marginalized groups, as defined in Chapter 4 on GESI in this document. This commitment aims to ensure that the benefits of the

Jambi Emission Reduction Program contribute positively to addressing gender and social inclusion concerns within the region.<sup>35</sup>

### 3.4.1. Beneficiary proposal preparation and review

The management units (KPHs and conservation units) will closely coordinate with the sub-district to assist the process of proposal development from communities/villages. Prior to submission to SNPMU, the proposals would undergo first assessment and verification at the site level by management units and sub-districts. SNPMU will conduct a thorough process of revalidation and reverification for all submitted proposals prior to obtaining clearance from the Governor of Jambi and the Directorate General of PPI-KLHK. The SNPMU will consolidate approved proposals into work plans. LEMTARA and beneficiaries will consult the work plans for guidance in directing and utilizing RBP.



**Figure 3.5. Mechanism of Proposal Submission and Approval**

From the initial preparation of the proposal to its final approval as a work plan, there are several steps that need to be completed. These steps are put in place to ensure that the proposed programs and activities are approved and endorsed by decision makers at both the national and subnational levels, including the Governor of Jambi, the Directorate General of PPI-KLHK, and the Indonesia Environment Fund (IEF). Figure 3.5 depicts the sequential process of suggesting programs and activities originating from villages or communities.

#### 3.4.1.1 Determination of benefit (RBP) allocation per beneficiary

At this step, emission reduction calculation obtained from the MAR team, which are in 2023 for 2020-2022 emission reductions and in 2026 for 2023-2025 emission reductions (according to RBP submissions), will serve as a reference for the BSM team to estimate the quota of funds per beneficiary, while the verification and validation processes by the World

<sup>35</sup> The final version of the BSP will include in the chapter a breakdown of eligible activities per beneficiary group, aligned with the volumes of estimated benefits to be received. Further details included in the PIM will include environmental and social screening checklists (where needed), the final negative and positives lists for each class of beneficiary, and detailed guidance on procurements of goods and services.

Bank are underway. The BSM team will be aided by the MAR team in estimating the quota of funds per beneficiary, particularly in the allocation of performance benefits. The calculation results of the fund quota per beneficiary will be communicated to all beneficiaries via management units and/or districts.

Each beneficiary will formulate programs and activities based on the quota they have been assigned. Formulation of programs and activities will comprise around 60% to address socio-economic aspects that are the main underlying factors of drivers of deforestation and forest degradation, and 40% for programs and activities directly related to emission reduction programs as well as 10% from total for GESI. If the verification results from World Bank match the emission reductions issued by the MAR team, there is no need to adjust the budget or funds for the beneficiaries' proposed programs and activities. However, if there is a discrepancy between the results of the MAR team's calculations and the verification results World Bank, SNPMU will make an adjustment to the budget or funds for the programs and activities proposed by each beneficiary based on the approval from Directorate General of PPI-KLHK and IEF.

#### 3.4.1.2 *Proposal of programs and activities by beneficiaries*

The management units (FMUs or conservation units) and sub-districts will assist and supervise beneficiaries in proposing programs and activities based on the allocation of benefits/funds received by the beneficiaries, particularly villages or communities. Districts/city can enlist the help of sub-district heads (Camat) to assist villages or communities. The following steps are taken to propose programs and activities:

- Analyzing drivers of deforestation and forest degradation and their underlying factors. Beneficiaries will need to identify what are the drivers of deforestation and forest degradation around or in their area. The underlying factors will be analyzed based on the drivers so that appropriate strategies can be developed and translated into programs and activities. If it is possible, the proposed programs and activities should estimate emission that can be reduced or carbon sequestration/removal that can be achieved for each program and/or activity. Table 3.6 can be used as a reference to help establish the relevance between the drivers, underlying factors, and proposed programs and activities.

**Table 3.6.** Framework for assessing the relevance of programs and activities in relation to the underlying factors of deforestation and forest degradation

| Drivers of deforestation and forest degradation | Underlying factors | Strategies to deal with underlying factors | Planned programs and activities | Contribution to emission reduction or carbon sequestration (tCO <sub>2</sub> /ha/tahun) |
|---|--------------------|--|---------------------------------|---|
| Bio-physical                                    |                    |  |                                 |   |
| Socio-economic                                  |                    |  |                                 |   |
| Etc. (If any)                                   |                    |  |                                 |   |

- Using E&S Risk Management (Safeguards) guidelines (see Figure 4.1 and Table 4.2

in Chapter 4: E&S Risk Management) to learn more about what programs and activities can, should, and cannot be carried out in order to reap the benefits of RBP. As shown in Table 4.2, Safeguards team has classified environmental and social risks related to program and activity descriptions into four categories: high/A category, substantial/High B category, moderate/Low B category, and low/C category.

According to Table 4.2, programs and activities with high-risk/A category characteristics are not eligible for funding through RBP. Recommended programs and activities are moderate to low-risk. Programs and activities posing substantial risks, on the other hand, are permitted with certain conditions. *First*, risk and impact mitigation measures are implemented in a comprehensive, structured, and dependable manner. *Second*, developing and monitoring Environmental Management Efforts and Environmental Monitoring Efforts (UKL-UPL) as required by the Minister of Environment and Forestry Regulation (Permen LHK) No. P.4/2021 concerning the List of Businesses and/or Activities Requiring AMDAL and UKL-UPL.

- Formulation of programs and activities using Guidelines for Criteria and Indicators of Programs and activities (Table 4.1 in Chapter 4: E&S Risk Management). BSM team created this guideline with reference to Permen LHK No. P.70/2017 on REDD+, specifically Article 18 and Annex IVB.

#### *3.4.1.3. Supervision and review by management units and sub-district (under district/city)*

The management units and sub-district heads (Camat and team) review programs and activities proposed by villages/communities to ensure compliance with the following guidelines:

- E&S Risk Management (Safeguards) Guideline, and
- Guideline for Criteria and Indicators of Programs and Activities, which were also used as a reference by the villages or communities.

*First*, the review will be conducted to determine whether the proposed programs and activities comply with or refer to the Guideline for Criteria and Indicators of Programs and Activities for RBP. *Second*, the review is also conducted to ensure that programs and activities have been divided into two major components in accordance with the allocations agreed upon in the Benefit Sharing Plan (BSP) document, namely:

- Related to directly emission reduction (40%) and
- Socio-economic improvement (60%).
- GESI, both from emission reduction and socio-economic components, minimum at 10% from total.

Programs and activities that are deemed to have passed or are eligible will be analyzed by the management units and districts using the Environmental and Social Management Framework (ESMF) during this screening process. Through this framework, programs and activities that have passed the screening will be further analyzed for their environmental and social risks to design recommendations and management safeguards needed to address the identified impacts and risks, including determining the scale and scope of programs and activities in order to determine whether they will require environmental management plan

documents such as UKL-UPL, SPPL or ToR.

Following the analysis of each program and activity proposed by the village/community for its environmental and social impacts and risks, as well as the required environmental documents, they will be consolidated by KPHs with support from the sub-district. The consolidation results of programs and activities from villages or communities will be submitted to the SNPMU for further review or verification and approval.

#### *3.4.1.5. Verification from BSM Team and Endorsement of SNPMU*

To follow up the submission of programs and activities consolidated by the management units and sub-districts to SNPMU, BSM Team assisted by Safeguards Team will re-verify the submission. The two previously mentioned guidelines will also be used for re-verification, i.e.:

- Guidelines for Criteria and Indicators of Programs and Activities that can be funded by RBP, and
- E&S Risk Management Safeguards Guideline.

If it is stated that the programs and activities have met the criteria and indicators of the programs and activities and have fulfilled or completed E&S Risk Management (Safeguards), including the determination of environmental document obligations under applicable regulations, then the proposed programs and activities, are submitted to Governor of Jambi, in this case is represented by Provincial Secretary (Sekretaris Daerah, SEKDA) to be endorsed. The endorsement can be made by the Governor after the SEKDA's approval, or it can be signed by SEKDA as a representative of the Jambi Government. After the Governor or SEKDA gave his consent, the approved programs and activities (proposals) will be submitted to the Directorate General of PPI-KLHK and IEF to be endorsed.

#### *3.4.1.6. Approval of the Directorate General of PPI-KLHK and IEF*

The final step is an approval by Directorate General of PPI-KLHK as the National REDD+ Management Institution, as well as IEF. This process is carried out after programs and activities proposed by beneficiaries at the subnational level, including the Ministry of Environment and Forestry's Technical Implementation Units (UPT-UPT) in Jambi province such as national park units, have been approved by the Governor or SEKDA of Jambi. The proposed programs and activities which are equipped with programs and activities at the national level for responsibility cost allocation, will be re-verified by Directorate General of PPI-KLHK and IEF using Guidelines for Criteria and Indicators of Programs and Activities, and E&S Risk Management (Safeguards) Guideline. The verification processes are carried out at the national level by Directorate General of PPI-KLHK and IEF are as follows:

- Programs and activities have adhered to the criteria and indicators of programs and activities outlined in the Guidelines in Table 4.1.
- 
- The program and activity composition, excluding responsibility cost (program delivery), has allocated 40% of RBP funds received for programs and activities directly related to emission reduction and 60% of RBP funds for programs and activities related to socio-economic development as well as 10% of the total for GESI, both from emission reduction and socio-economic components.

- Ensure that all programs and activities have passed the E&S Risk Management (Safeguards) screening and do not include any high-risk or Category A programs or activities. Furthermore, the Directorate General of PPI-KLHK and IEF ensures that the E&S Risk Management (Safeguards) screening process has also prepared comprehensive and structured strategies of environmental and social risk and impact for each program and activity (especially from High B Category to Low B Category), as well as environmental and social handling documents required by applicable regulations based on the scale and magnitude of program risks and impacts, namely whether it will require UKL-UPL, SPPL or ToR.
- Ensure that all supporting administrative documents have been completed, including the beneficiaries' statement and SNPMU or Jambi Government's commitment to implement, monitor, and evaluate E&S safeguards for all programs and activities.

Since all verification steps above have been completed and the consolidated Program and activities have been declared to meet all requirements, both criteria and indicators of programs and activities and E&S Risk Management (Safeguards), the programs and activities will be approved by Directorate General of PPI-KLHK and IEF. A signature with an official stamp is required for approval from Directorate General of PPI-KLHK and IEF. Consolidated programs and activities for using RBP funds that have been approved by Directorate General of PPI-KLHK and IEF are then submitted to the World Bank.

#### **4. Environmental and Social (E&S) Risk Management (Safeguards) for Benefit Sharing Mechanism**

An Environmental and Social Management Framework (ESMF) and its associated frameworks, including the Indigenous Peoples Planning Framework (IPPF), Resettlement Planning Framework (RPF) and Process Framework (PF), and Feedback and Grievance Redress Mechanism (FGRM) have been prepared to address environmental and social (E&S) risk management across activities under the ER Program. These documents can be accessed here (link will be inserted to disclosed safeguards documents). Activities to be financed by the ER payments under the Benefit Sharing Plan are subject to the provisions of the ESMF and its associated frameworks, which includes screening of E&S risks and impacts, preparation and implementation of relevant environmental and/or social documents, and monitoring and reporting on the E&S mitigation measures for each activity.

Table 4.1 provides criteria and technical indicators for programs and activities eligible for funding by RBP JERP, consistent with E&S Safeguards Standards.

**Table 4.1. Criteria and Technical Indicators for Programs and Activities Eligible for Funding by RBP JERP**

| Components Eligible for REDD+ Benefit Sharing Fund (RBP JERP) | Definition   | Criteria and Technical Indicators for Programs and Activities<br>(But not limited to criteria mentioned in this column)  | Notes  |
|---|--|--|--|
| <b>Directly related to REDD+</b>                              |  |  |  |
| Deforestation Prevention                                      | The prevention of permanent conversion from forested areas to non-forested ones  | <ul style="list-style-type: none"> <li>Prevention of land conversion, including plantation expansion</li> <li>Prevention of forest and land fires</li> <li>Prevention of tenurial/land conflicts</li> <li>And others</li> </ul>  | <ul style="list-style-type: none"> <li>Approximately 40% of the received RBP funds by each beneficiary will be allocated to programs and activities directly related to emission reduction (REDD+)</li> </ul>  |
| Forest Degradation Prevention                                 | Prevention of a decrease in forest cover and carbon stocks over a specific period  | <ul style="list-style-type: none"> <li>Prevention of illegal logging</li> <li>Prevention of illegal mining within forest areas</li> <li>Prevention of forest burning</li> <li>And others</li> </ul>  | <ul style="list-style-type: none"> <li>Since the management of RBP funds will involve an Intermediary Institution (LP), programs and activities in government institutions at the provincial and district/city levels do not necessarily have to adhere to the nomenclature of Programs and Activities in the Ministry of Home Affairs Regulation No. 90 of 2019 on the Classification, Codification, and Nomenclature of Regional Planning and Budgetary</li> </ul> |
| Forest Carbon Conservation                                    | Activities to protect forest carbon stocks   | <ul style="list-style-type: none"> <li>Conservation and security of forests and lands</li> <li>Protection of peatlands</li> <li>Establishment of protected and conservation forest areas</li> <li>And others</li> </ul>  |  |
| Sustainable Forest Management                                 | Forest management based on the balance of economic, ecological, and social aspects to reduce emissions and increase absorption | <ul style="list-style-type: none"> <li>Enrichment of permits for the utilization of timber forest products</li> <li>Involvement of communities around the forest in forest management</li> <li>Forest harvesting with Reduced Impact Logging (RIL) techniques</li> <li>Encouraging the formation and strengthening of Forest Management Units</li> <li>Accelerating social forestry</li> </ul> |  |

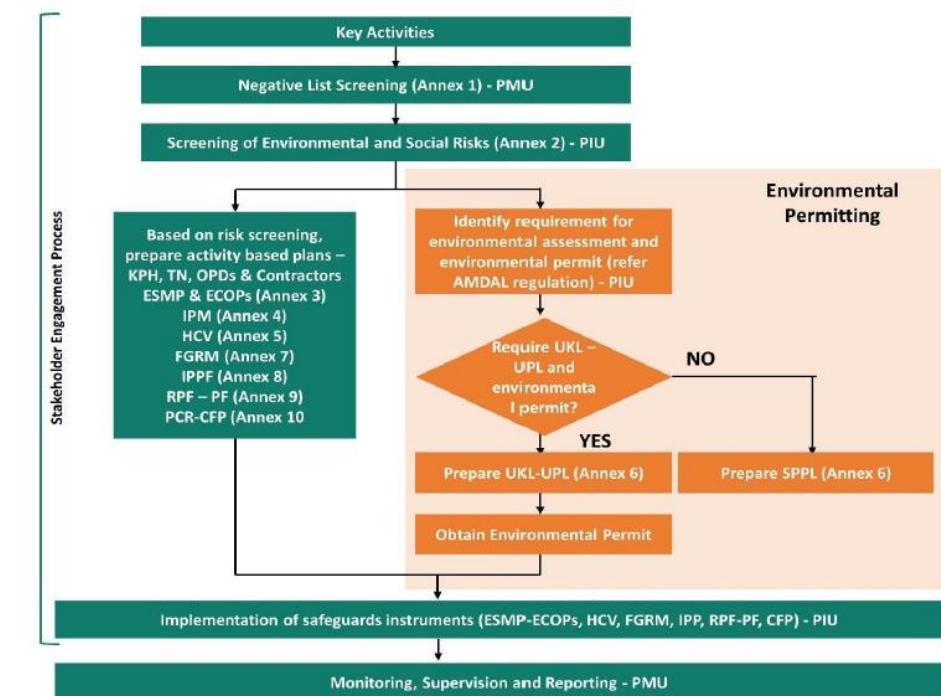
| Components Eligible for REDD+ Benefit Sharing Fund (RBP JERP) | Definition  | Criteria and Technical Indicators for Programs and Activities<br>(But not limited to criteria mentioned in this column)   | Notes   |
|---|---|---|---|
| Forest Carbon Stock Improvement                               | Improvement of forest carbon stocks   | <ul style="list-style-type: none"> <li>Improvement of carbon stock through reforestation or planting for forest and land rehabilitation</li> <li>Enrichment of plants within forest and land areas</li> <li>And others</li> </ul>   | <ul style="list-style-type: none"> <li>Meanwhile, for programs and activities at the village level, they can be more flexible according to the needs of the village/community, or other options can refer to the Ministry of Village, Development of Disadvantaged Regions, and Transmigration Regulation on the Priority Use of Village Funds, which is updated annually if necessary</li> </ul> |
| <b>Non-Carbon Benefits, Including Social-Economic</b>         |   |   |   |
| Hydrological Function Protection Services                     | Regulation and Protection of Water Management Functions, especially in locations within the watershed or water infiltration areas in the upstream or downstream of a river basin. | <ul style="list-style-type: none"> <li>Water Catchment Area Protection</li> <li>Water Infiltration Area Protection</li> <li>Control of land conversion in River Basins</li> <li>And others</li> </ul>   | <ul style="list-style-type: none"> <li>Approximately 60% of the RBP funds received by each beneficiary will be allocated to programs and activities for social-economic or non-carbon enhancement.</li> </ul>   |
| Ecological Function Protection                                | Maintenance of the natural ecosystem balance as a support for life.   | <ul style="list-style-type: none"> <li>Maintaining soil stability through forest protection and vegetation density</li> <li>Protection of mangrove forests</li> <li>Maintaining microclimate balance</li> <li>Habitat protection with crucial ecological functions</li> <li>And others</li> </ul> | <ul style="list-style-type: none"> <li>Since the management of RBP funds will involve an Intermediary Institution (LP), programs and activities in government institutions at the provincial and district/city levels do not necessarily have to adhere to the nomenclature of Programs and Activities</li> </ul>   |
| Biodiversity Protection                                       | Conservation of biological resources from the genetic level, species (both flora and fauna), and ecosystems.  | <ul style="list-style-type: none"> <li>Habitat improvement for biodiversity protection</li> <li>Prevention and mitigation of habitat fragmentation</li> <li>Empowerment of communities around conservation areas</li> <li>And others</li> </ul>   |   |
| Strengthening Livelihoods                                     | Development and improvement of alternative livelihoods for communities  | <ul style="list-style-type: none"> <li>Capacity building for communities around forests in the value chain of flagship commodities.</li> </ul>  |   |

| Components Eligible for REDD+ Benefit Sharing Fund (RBP JERP) | Definition  | Criteria and Technical Indicators for Programs and Activities  | Notes   |
|---|---|--|---|
|   | around the forest to prevent deforestation and forest degradation.  | <ul style="list-style-type: none"> <li>• Mapping non-timber flagship commodities within forest areas for utilization or community enterprises.</li> <li>• Business unit development for forest communities, especially social forestry groups.</li> <li>• Development of environmentally friendly infrastructure for alternative livelihood development.</li> <li>• Community empowerment and assistance in accessing financial and infrastructural resources.</li> <li>• Increase in community or farmer income, such as the rise of the Farmer Exchange Rate (NTP).</li> <li>• And others</li> </ul> | <p>in the Ministry of Home Affairs Regulation No. 90 of 2019 on the Classification, Codification, and Nomenclature of Regional Planning and Budgetary</p> <ul style="list-style-type: none"> <li>• Meanwhile, for programs and activities at the village level, they can be more flexible or can refer to the Ministry of Village, Development of Disadvantaged Regions, and Transmigration Regulation on the Priority Use of Village Funds, which is updated annually if necessary.</li> </ul> |
| Improvement of forest and land management                     | Improvement of processes, mechanisms, rules, and institutions for forest and land management, especially in aspects such as land tenure, forest use planning, forest management, and forest revenues. | <ul style="list-style-type: none"> <li>• Formation and strengthening of Forest Management Units (KPH)</li> <li>• Facilitation and supervision of social forestry groups</li> <li>• Village development around forest areas</li> <li>• Training for KPH personnel, village facilitators, and other site-level devices,</li> <li>• And others</li> </ul>   |   |
| Essential ecosystem protection                                | Preservation of essential ecosystem areas with conservation principles to support biodiversity protection.  | <ul style="list-style-type: none"> <li>• Mapping and confirmation of essential ecosystems as life buffers</li> <li>• Monitoring bio-physical essential ecosystems</li> <li>• Empowerment of communities around essential ecosystems</li> <li>• Development of incentives for communities through the establishment of Essential Ecosystem Areas (KEE)</li> <li>• And others</li> </ul>   |   |

Source: Compiled from various sources (2022)

## 4.1. Mechanism and Application of E&S Risk Management (Safeguards)

The E&S risk management on activities funded under the BSP refers to the ESMF and shall follow the process outlined below. The process starts with screening of the proposed activities against a negative list, followed by classification of the activities' risk, identifying the key environmental and social risks, and determining the relevant E&S documents that need to be prepared and implemented by the PIU as the proponent of the activity. Activities which are classified as high-risk according to the ESMF cannot be funded by the BSP. The PMU and/or SNP穆 has the role to monitor implementation of the risk and impact mitigation measures set out in the E&S documents and report the E&S performance of the activities through the Emissions Reduction Monitoring Reports (ERMR).



**Figure 4.1.** Screening mechanism for activities funded under BSP.

The negative list of activities which cannot be financed by the ER payments under BSP is provided below (Annex 1 of the ESMF):

- 1) Activities contributing to the drivers of deforestation and forest degradation (illegal logging, overlogging, uncontrolled burning and mining).
- 2) New settlements or expansion of settlements within conservation forests, protected areas, and parks.
- 3) Any activity that can potentially lead to and/or result in destruction and/or relocation of physical cultural resources.
- 4) Any activity that can potentially lead to and/or result in conversion of primary forest and/or natural habitats, including adjacent critical natural habitats.
- 5) Purchase and/or use of hazardous chemicals including but not limited to pesticide and insecticides that are classified as IA or IB by WHO and GOI's regulations and activities with potential exposure to health risks due to interaction with such chemicals.
- 6) Any activity associated with political campaigns and election.

- 7) Poaching and/or trade of protected species and animals.
- 8) Removal or alteration of any physical cultural property.
- 9) Use of child and forced labor.
- 10) Purchase of weapons and other law enforcement equipment.
- 11) Activities requiring involuntary land acquisition and resettlement.
- 12) Activities or subprojects that contravene applicable international environmental agreements and/or conventions.
- 13) Activities warranting high risk classification (Category A) as elaborated in the ESMF, such as those requiring AMDAL as per the government regulation.

Use of pesticides that are forbidden by Government of Indonesia laws and regulations and are banned by international standards under the World Health Organization (WHO) or Food and Agriculture Organization (FAO). Following the screening against the Negative List, BSP beneficiaries shall assess potential environmental and social risks caused by and/or associated with their respective activities (refer to Annex 2 of the ESMF). This scoping exercise is intended to identify whether standalone environmental and social instruments are warranted to address specific risks and impacts, such as access restrictions, occupational and community health and safety, biodiversity, etc. and where such instruments are required by law (such as UKL-UPL and SPPL).

**Table 4.2. Criteria for Classification of Environmental and Social Risks (refer ESMF Risk Screening and Scoping)**

| Risk Classification | Criteria   | Instrument   |
|---------------------|--|--|
| High Risk*          | <p>Poses various risks and significant negative impacts on the human population or the environment, characterized by:</p> <ul style="list-style-type: none"> <li>✓ Long-term, permanent, and/or irreversible nature that cannot be entirely avoided due to the project's inherent characteristics.</li> <li>✓ High magnitude and/or spatial extent.</li> <li>✓ Cumulatively significant adverse impacts or impacts that cross boundaries.</li> <li>✓ A high likelihood of causing serious harm to human health and/or the environment (e.g., due to accidents, disposal of toxic waste, etc.).</li> </ul>  | <p>Not Applicable under BSP</p> <p>Note: High-risk sub-projects that will not be allowed based on J-SLMP (Joint Social and Environmental Impact Assessment).</p>   |
| Substantial Risk    | <p>Some of the significant environmental and social risks and impacts of the Project cannot be mitigated or require specific, complex mitigation measures that have not been proven successful. Additionally, they may necessitate compensation actions or advanced technologies and involve complex social analysis and implementation.</p> <p>Projects may be less complex than High Risk Projects, their scale and environmental and social impacts may be smaller (large to medium) and their location may not be in a highly sensitive area, and some risks and impacts may be significant. It will consider whether potential risks and impacts share most or all of the following characteristics:</p> <ul style="list-style-type: none"> <li>✓ Most are temporary, predictable and/or reversible and the nature of the project does not preclude the possibility of avoiding or reversing them.</li> <li>✓ Adverse social impacts can lead to social conflict, loss, or a limited level of risk to human security.</li> <li>✓ Medium sized and/or spacious.</li> <li>✓ There is a medium to low probability of serious adverse effects on human health and/or the environment (e.g., due to accidents, dumping of toxic waste, etc.),</li> <li>✓ There are known and reliable mechanisms to prevent or minimize such incidents.</li> </ul> | <p>Environmental and Social Assessment (ESA) and Environmental and Social Management Plan (ESMP)</p> <p>Equivalent to the Environmental Impact Assessment (AMDAL) and Environmental Management Effort (UKL-UPL) regulatory systems in Indonesia (Minister of Environment and Forestry Regulation No. 4/2021)</p> |
| Moderate Risk       | <p>Mitigation and/or compensation measures can be designed more readily and more reliably than High Risk Projects.</p> <p>Potential risks and adverse impacts on the human population and/or the environment are likely not to be significant. This is because the Project is</p>  | <p>Environmental and Social Assessment</p>   |

| Risk Classification | Criteria  | Instrument   |
|---------------------|---|--|
|                     | <p>not complex and/or on a large scale, does not have a high potential to harm society or the environment, and is located far from environmentally or socially sensitive areas. Therefore, the potential risks and impacts, as well as issues, are likely to have the following characteristics:</p> <ul style="list-style-type: none"> <li>✓ Predictable and expected to be temporary and/or reversible.</li> <li>✓ Low in magnitude</li> <li>✓ Site-specific, with no potential for impacts beyond the actual Project site/location.</li> <li>✓ Low likelihood of seriously adverse effects on human health and/or the environment (e.g., does not involve the use or disposal of toxic substances, routine safety precautions are expected to be sufficient to prevent accidents, etc).</li> </ul> | (ESA) and Environmental and Social Management Plan (ESMP)<br><br>Equivalent to the Environmental Impact Assessment (AMDAL) and Environmental Management Effort (UKL-UPL) regulatory systems in Indonesia (Minister of Environment and Forestry Regulation No. 4/2021). |
| Low Risk            | <p>The risks and impacts of the Project can be easily mitigated in a predictable manner.</p> <p>The potential risks and adverse impacts on the human population and/or the environment are likely small or negligible. These projects (programs and activities) have minimal or no harmful risks, impacts, or issues, and thus do not require further environmental and social assessment after the initial screening.</p>  | Code of Environmental and Social Practice<br><br>Equivalent to the Environmental and Social Impact Assessment (SPPL) regulatory system in Indonesia (Minister of Environment and Forestry Regulation No. 4/2021).  |

\*) Programs and activities with this category cannot be funded by RBP REDD+ BioCF-ISFL.

Source: Processed from the ESMF BioCF-ISFL document (2022).

Referring to Table 4.2 above, programs and activities that are classified as high-risk cannot be funded under the BSP.

To further guide beneficiaries in proposing programs and activities with varying degrees of risks, Table 4.3 below provides examples ranging from low to high risk. The inclusion of programs and activities with a high-risk classification is intended to serve as a reference, urging beneficiaries to avoid proposing initiatives with similar characteristics.

While recommended programs and activities generally exhibit moderate to low risk, those with substantial risk are permissible under specific prerequisites. Firstly, comprehensive, systematic, and reliable risk and impact mitigation measures must be implemented. Secondly, the preparation of Environmental Management Efforts and Environmental Monitoring Efforts (UKL-UPL) is mandated by the Ministry of Environment and Forestry Regulation (PermenLHK No.

P.4/2021 concerning the List of Business and/or Activities that are Obliged to have an Environmental Impact Assessment (AMDAL) and UKL-UPL), and is referred to in the ESMF.

The implementation of Environmental and Social (E&S) Risk Management commences at the site level, involving the management units and districts under the supervision of the district/city government, and is described as follows:

a. Environmental and Social Risk Screening:

- Programs and activities that have passed the negative list screening undergo further screening for environmental and social risks. This includes designing E&S mitigation measures through preparation of relevant E&S documents necessary to address the identified E&S risks and impacts, which may include capacity building, technical assistance, and supervision.
- The BSM Team and Safeguards Team (Pokja) in SNPMU will validate that the mitigation measures and relevant E&S documents are appropriate for each program and activity. Any deficiencies are addressed collaboratively.
- The BSM and Safeguards Team ensure that programs and activities conduct consultations with stakeholders and community engagement, including indigenous communities. If indigenous communities are affected, Free, Prior, and Informed Consent (FPIC) must be obtained before program and activity implementation. Consultations and engagement with stakeholders, especially indigenous communities, are integral throughout the E&S risk management process.

b. Preparation of relevant E&S documents and obtaining their approvals:

- Following screening and identification of relevant E&S documents, the PIUs with support of the SNPMU prepares the Environmental and Social Management Plan (ESMP) or UKL-UPL or SPPL or other relevant E&S documents and obtain their approval, as relevant, involving the district/city government.
- Third-party assistance may be sought in preparing the E&S documents and relevant approvals to meet ESMF and GoI requirements.
- Quality verification of the environmental approvals on the E&S documents is conducted by the Safeguards Team under SNPMU and the Environmental Agency.

c. Ensuring Beneficiaries Commitment to E&S Risk Management:

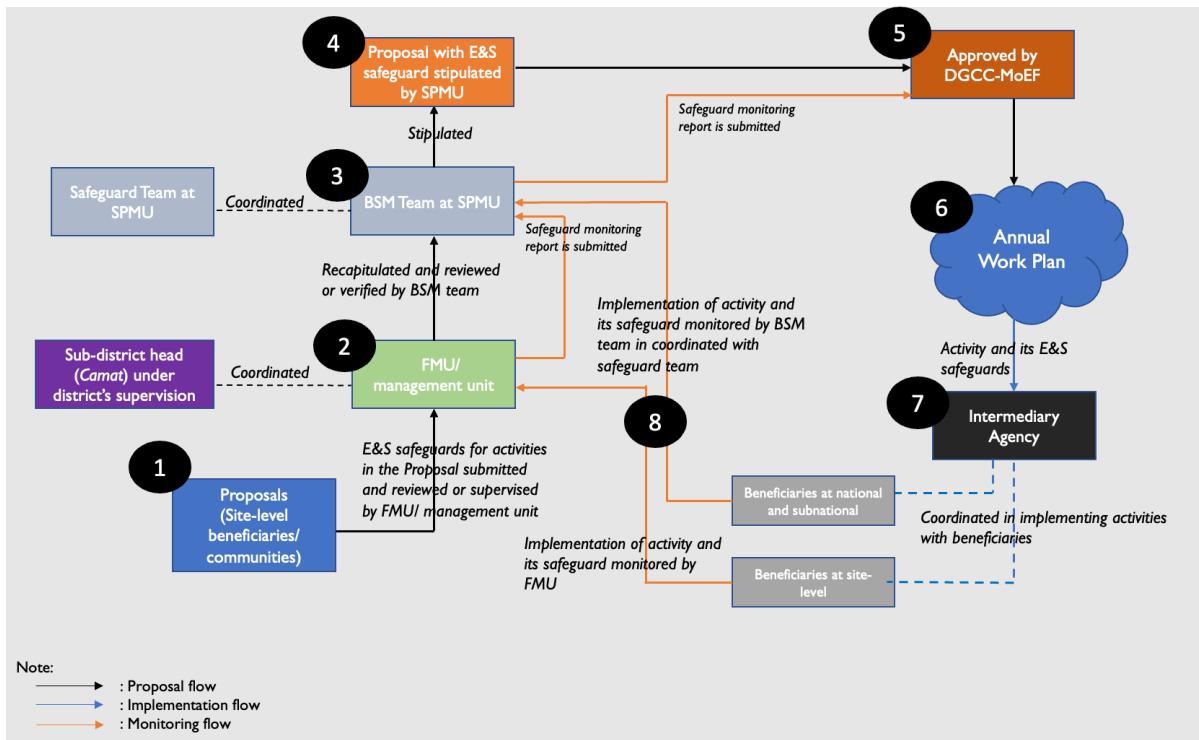
- E&S documents or plans are implemented for programs and activities that pass screening, following approval of the documents in accordance with GoI regulations.
- These programs and activities can commence only after environmental approvals are endorsed by relevant authorities.
- The Environmental and Social Management Plan (ESMP) or UKL-UPL or SPPL and relevant mitigation instruments (e.g., Environmental Code of Practices, Indigenous People Plan, Resettlement Action Plan, Plan of Action) are finalized by the PIUs and reviewed by the BSM Team and Safeguards Team under the SNPMU.
- Programs and activities with potential adverse environmental and social impacts and their management plans/instruments require approval from the Program Coordinator at the national level, specifically the Directorate General of PPI-KLHK.

The implementation of Environmental and Social (E&S) Risk Management under the BSP will go through a verification process by the Directorate General of PPI-KLHK and IEF. This verification is conducted to ensure that all programs and activities have applied the ESMF requirements in a consistent manner and do not include high-risk activities.

Moreover, the Directorate General of PPI-KLHK and IEF will verify that the E&S Risk Management process has systematically prepared a comprehensive E&S risk and impact mitigation strategy for each program and activity. The verification ensures that all supporting administrative documents are maintained throughout the ER program and BSP implementation. This encompasses the commitment statements of beneficiaries and the Safeguards Team under SNPMU and the Environmental Agency, affirming their commitment to implement, monitor, and evaluate the implementation of E&S risk management for all programs and activities.

## **4.2. E&S Risk Management Monitoring and Evaluation**

The Safeguard Team, supported by the BSM Team from the Social and Environmental Project Management Unit (SPMU), is responsible for monitoring and reporting on applying the Environmental and Social Management Framework (ESMF) for activities funded by the BSP. These reports are submitted to the Program Coordinator at the national level, specifically the Directorate General of PPI-KLHK, the REDD+ Sub-National Management Agency, and the Provincial Technical Committee (PTC). SNPMU, the Directorate General of PPI-KLHK, along with IEF and LEMTARA, collaboratively are responsible for communicating monitoring and evaluation results to the World Bank through periodic reports on implementation of the ESMF. These reports also include a synthesis on the Feedback and Grievance Redress Mechanism (FGRM) as outlined in the Stakeholder Engagement Plan (SEP).



**Figure 4.4. Implementation and Monitoring and Evaluation of E&S Risk Management for the Use of RBP Funds**

Monitoring and evaluation at the site level is initiated with the active involvement of the management unit and district/city, supervised by the district/city government. LEMTARA plays a crucial role in the implementation, monitoring, and evaluation of Environmental and Social (E&S) risk management across levels, extending from the site to the national level. The outcomes of monitoring and evaluation at the site level are then reported to the BSM and Safeguards Team at the Social and Environmental Project Management Unit (SNPMU).

Beneficiaries at the provincial level, including relevant government agencies and districts/cities are monitored and evaluated by the BSM and Safeguards Teams, alongside the Provincial Environmental Agency of Jambi. The report on the results of monitoring and evaluating E&S risk management, facilitated by LEMTARA, is submitted to the Directorate General of PPI-KLHK and IEF. In instances where shortcomings are identified during the implementation, they serve as valuable input for refining future strategies in subsequent years, ensuring a continuous improvement process in the Program.

## 5. Mechanism and Implementation of Gender Equity and Social Inclusion (GESI)

The literature consistently highlights that women and other marginalized groups, including youth, disabled people, ethnic minorities, and indigenous groups are particularly susceptible to

the adverse impacts of climate changed climate policies. Their active involvement is recognized as pivotal for the effectiveness of climate change mitigation efforts, and to protect their dignity and rights within landscape management change processes and policy implementation. Unfortunately, these groups are frequently overlooked in such initiatives, including the implementation of emission reduction programs and the equitable distribution of benefits.

As per the definition provided by Green Climate Finance (GCF) and UN Women (2017), there are at least six marginalized or vulnerable groups that tend to require special attention depending on the context: women, children, the elderly, people with disabilities, indigenous communities, and local communities. The compilation of definitions for these six groups, drawn from various sources, is outlined in Table 5.1 below. Acknowledging and addressing the unique vulnerabilities of these groups is imperative for ensuring inclusive and impactful climate change mitigation strategies.

**Table 5.1. Marginalized Groups and Their Definition**

| No | Marginal group/<br>Vulnerable | Definition   | Source  |
|----|-------------------------------|--|---|
| 1  | Women                         | People whose gender identify is as female.   | Green Climate Fund (2020) dan Riquer (1993)   |
| 2  | Children                      | Someone who is under 18 years of age, including an unborn child.   | Undang-Undang (UU) No. 35/2014 regarding Child Protection   |
| 3  | Elderly (Lansia)              | An individual who has reached the age of 60 years and above. The elderly, in general, can be divided into two categories: <ul style="list-style-type: none"> <li><input type="checkbox"/> Potential elderly, who are still capable of working and/or producing goods and services; and</li> <li><input type="checkbox"/> Non-potential elderly, whose lives depend on assistance from others (Elderly Welfare Law, 1998).</li> </ul> | UU No. 13/1998 regarding Elderly Welfare  |
| 4  | Persons with Disabilities     | Individuals with enduring physical, mental, intellectual, and/or sensory limitations may encounter impediments and challenges that hinder their complete and effective participation in societal interactions on the basis of equal rights with other citizens.  | United Nations Convention on the Rights of Persons with Disabilities/UNCRPD (2007) and the Indonesian law UU No. 8/2016 about Persons with Disabilities (Article 1 Paragraph 1) |

| No | Marginal group/<br>Vulnerable | Definition   | Source  |
|----|-------------------------------|--|---|
| 5  | Indigenous People             | <p>Definition 1: Indigenous communities are the inheritors and practitioners of various unique cultures and customs for interacting with other humans and the environment. They possess distinct social, cultural, economic, and political characteristics compared to the dominant societies in their respective areas. Indigenous communities have often sought recognition of their identity, way of life, and rights to land, territory, and traditional natural resources for many years; however, throughout history, their rights have consistently been violated. The Indonesian Draft Law on Indigenous Communities defines indigenous legal communities as a group of people who live in a specific geographical area through generations, have ancestral origins and/or a shared place of residence, possess cultural identity, live by customary law, have a close relationship with specific land and the environment, and have specific value systems underlying their economic, political, social, cultural, and legal institutions*.</p> | <p>1<sup>st</sup> definition is referred from UNDRIP (2007)</p> <p>2<sup>nd</sup> definition is referred from draft legislation (RUU) about Indigenous People</p> |
| 6  | Local Communities             | <p>A community that has a longstanding relationship with the land and water they inhabit or traditionally use. Local communities have accumulated knowledge, innovations, and practices related to the sustainable management and development of these areas, including valuable environmental knowledge.</p>  | <p>Convention on Biological Biodiversity – United Nations Environment Program (CBD-UNEP, 2006)</p>  |

Notes: \*) There is a difference in the definition of indigenous peoples and local communities according to the UN or UNDP and the Government of Indonesia. However, project initiators for various projects in Indonesia must base their approach on indigenous peoples according to existing Indonesian laws, such as Forestry Law No. 41/1999 and Village Law No. 6/2014, while waiting for the Indigenous Peoples Bill to be signed and enacted.

The UNFCCC parties have unanimously endorsed principles of gender equality and empowerment for marginalized groups in climate change activities, emphasizing the participation of women and marginalized communities. These principles align with the World Bank's Environmental and Social Standards, promoting the rights of Indigenous Peoples and Local Communities in the implementation of jurisdiction-based emission reduction programs.

Communities in Indonesia are not immune from these recognized patterns of exclusion. Marginalized and vulnerable groups, encompassing women, children, the elderly, people with disabilities, indigenous communities, and local communities, face a heightened risk of poverty and social exclusion. These groups sometimes encounter stigmatization, discrimination, and marginalization both formally (through laws, policies, and programs) and informally (through social

and cultural practices). Addressing their needs requires special efforts and assistance to facilitate their full participation in the consultation process at various project stages.

Indonesia's forests and land are of particular importance to indigenous peoples, the poor, and their livelihoods. One in five of Indonesia's poor live inside designated forested areas and 60 million people live inside or within one kilometer of the Forest Area. The costs of mismanagement of the environment disproportionately fall on the poorest due to their dependence on forests and coastal ecosystems and their vulnerability to changes in climatic patterns. Indigenous peoples (also referred to as 'traditional' or adat groups) are often considered to be the most vulnerable to land uses changes, not only because of livelihoods dependencies, but also because of threats to identity and cultural ties to landscapes and heritage sites. Within forest-dependent communities, those most dependent on agricultural and forest-based resources tend to experience higher poverty levels and exclusion due to lack of tenure security, compounded by issues around legal registration of adat communities as official villages, and unrecognized claims to ancestral or communal lands. The landless poor are particularly vulnerable to changes in forest management but are often marginalized in local decision-making on land-use change, while poorer farmers are vulnerable to degradation of forest resources and changes in the cost of agricultural inputs. Women are significantly under-represented in forest management institutions and are largely excluded from natural resource management, as well as having lower access to extension services and capacity building programs related to agriculture and forestry.

Meaningful participation of community groups – particularly adat groups - in eligible villages is critical to success of the JERP, and a prerequisite to ensuring communities benefit from the JERP. Community groups play a front-line role in sustainable forest management and emissions reduction by protecting forest areas from encroachment, forest monitoring and patrols, and adoption of sustainable fire management and control practices, yet inclusive participation in these activities remains a challenge. Village governments have a significant local influence in administrative and developmental issues, but village development planning and budgeting (village government's administer sizeable annual budgets) is often dominated by village elites and men, excluding marginalized and vulnerable groups, including adat communities. To access JERP benefits local communities must meet certain criteria including being registered, and having their performance validated using the Measurement, Monitoring, and Reporting (MMR) system. Any confusion around access to benefits and lack of clarity on eligibility of adat groups exacerbates issues with tenure security. Gaps persist in coordinated messaging and outreach, which are exacerbated by the remote and hard-to-reach locations of many rural communities. Additional support to marginalized groups to raise awareness of the JERP implementation mechanisms, including eligibility criteria, roles and responsibilities, and monitoring mechanisms will be critical to ensuring inclusion of these groups in the JERP and facilitating their access to carbon benefits.

This BSP will take a twin-track approach to promoting and integrating the rights and perspectives of potentially marginalized groups into the JERP. This approach, detailed in Table 5.2, aims to advance the rights of marginalized populations or vulnerable groups, especially women, children, Indigenous Peoples, and local communities.

**Table 5.2 The Twin-Track Approach to GESI, including for jurisdictional-based REDD+**

| No | Approach | Description | Strategy |
|----|----------|-------------|----------|
|----|----------|-------------|----------|

|   |                          |  |   |
|---|--------------------------|--|---|
| 1 | GESI Mainstreaming       | Mainstreaming GESI involves ensuring that GESI is an integral part of the design, preparation, implementation, monitoring, evaluation, and reporting of the project across all outcomes.               | Considering the needs, experiences, and aspirations of women, men, children, the elderly, people with disabilities, indigenous communities, and local communities at all stages of the program/project. This includes tailoring communications materials, outreach strategies, and eligibility criteria to their needs and constraints. |
| 2 | GESI Specific Initiative | This initiative ensures equal access and opportunities for women and other vulnerable/marginalized groups to participate in and benefit from various project activities and decision-making processes. | Developing specific activities aimed at meeting their needs and reducing inequalities.  |

Source: GCF (2020)

The twin-track approach is highly relevant for the development and implementation of JERP's Benefit Sharing Mechanism (BSM). The mainstreaming of Gender Equality and Social Inclusion (GESI), referred to as Approach 1, is integrated into every stage of the Benefit Sharing Plan (BSP). This includes the identification of beneficiaries, determination of benefit forms, allocation of benefits, distribution of benefits, and determination of benefit usage. Stakeholders unanimously agree that a minimum of 30% participation from marginalized groups, as defined in Table 4.1, should be ensured in every benefit-sharing mechanism and program/activity implementation.<sup>36</sup>

Concurrently, specific GESI initiatives (Approach 2) can be applied in the utilization of funds/benefits from the Result-Based Payment (RBP). This involves ensuring the allocation of funds for specific GESI programs and activities from each benefit received by beneficiaries. Stakeholders collectively agree that a minimum of 10% of the total benefits or RBP received by beneficiaries should be earmarked for specific GESI activities, with a focus on women, the elderly, people with disabilities, and indigenous communities. Children are not included in order to reduce any further risks to child protection or child labor, since the BSP targets livelihoods and land management activities undertake by adults, and local communities are already prioritized in beneficiary identification. The 10% allocation for GESI activities can be derived from the overall allocation for socio-economic (60%) and emission reduction (40%) purposes. Examples of specific GESI activities include providing technical assistance to women's groups, developing alternative livelihoods for women, providing skill development support to youth and disabled people to participate gainfully in preventing deforestation and forest degradation or adopting low-carbon livelihoods, and empowering the elderly and people with disabilities, among others. The

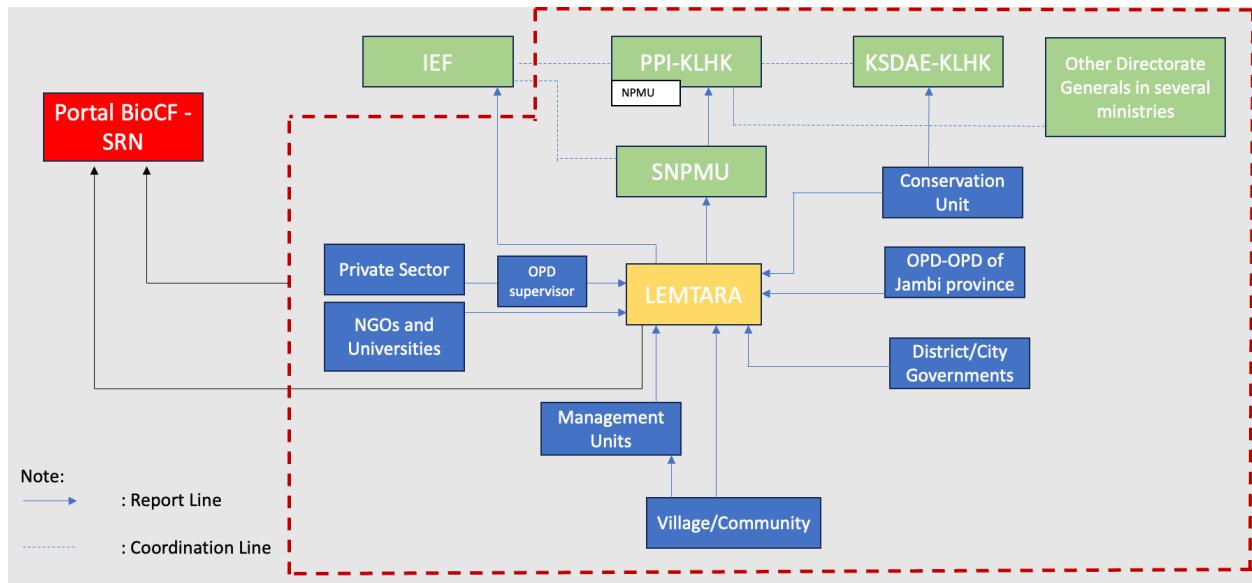
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<sup>36</sup> The final draft of this BSP will outline in more detail specific activities/features in each stage of the benefits sharing mechanisms that have been designed to either reduce barriers to inclusion (such as requiring eligibility documents which women are less likely to possess), or proactively promote inclusions (such as additional allocations of benefits or staffing to support participation of adat groups).

PIM will 'tag' the specific activities considered GESI relevant for different groups of beneficiaries and channeling options, to ensure the conditions and criteria are clear and easy to follow, and reporting is simplified.

## 6. Monitoring, Evaluation, and Reporting Mechanism

The monitoring, evaluation, and reporting mechanism in JERP can be seen in Figure 6.1 below.



**Figure 6.1. Monitoring, Evaluation, and Reporting Mechanism**

At the site level, the reporting procedures are as follows:

- Villages and community groups, including PS groups, will submit reports on program and activity implementation, including procurement of goods and services, through the KPH and/or conservation units coordinating with the district/city government. The management unit then submits program and activity reports to LEMTARA.
- Depending on the type of permit, the implementation report for private sector activities will be submitted to the supervising department: the Provincial Forestry Service for forestry business units and through the Provincial/District Plantation Service for plantation business units. Subsequently, the department will submit the report to LEMTARA.
- KPH and conservation units will directly submit activity implementation reports to LEMTARA. Conservation units that are part of the technical implementation unit of the Ministry of Environment and Forestry at the field level also submit their reports to the Directorate General of Ecosystem Conservation and Natural Resources, the Ministry of Environment and Forestry, and LEMTARA.
- LEMTARA will submit the consolidated activity implementation report.

Meanwhile, the financial report of the entire beneficiary implementation will be prepared and provided by LEMTARA. For beneficiaries receiving direct cash transfers from LEMTARA (NGOs, universities, and villages), they will provide all expenditure evidence to LEMTARA. LEMTARA will consolidate the evidence for inclusion in the financial report. The financial report will be submitted to IEF. The frequency of financial reporting (every 3 or 6 months and the final financial report at the end of the year) from LEMTARA to IEF will be stipulated in the contract between LEMTARA and IEF. This report will also be submitted to the Subnational REDD+ Management Agency and the Directorate General of PPI-KLHK. All site-level reports will include the activities carried out from the use of JERP RBP funds. The activity and budget reports (including all supporting documents) will be provided by LEMTARA.

At the provincial level, the reporting procedures are as follows:

- OPDs receiving benefits or JERP's RBP funds will submit program and activity reports directly to LEMTARA.
- District/city governments will also report their supporting activities directly to LEMTARA.
- LEMTARA will then consolidate program and activity implementation reports from all beneficiaries to be submitted to SNPMU and financial reports to IEF.
- The consolidated activity report prepared by LEMTARA will be checked or validated and verified by SNPMU before being submitted to the Directorate General of PPI-KLHK and IEF.
- The Government of Jambi or through SNPMU will request LEMTARA to submit financial reports to IEF, which will validate and verify the financial reports before the audit process and submission to the Directorate General of PPI-KLHK

At the national level, the reporting procedures are as follows:

- For the financial report (activities and budget) consolidated by LEMTARA according to the format requested by IEF in the contract, it will be submitted to IEF. IEF will verify the report to ensure that the funds have been used properly (fiduciary and E&S risk management) and anticipate audit findings. The financial report template (annual and semi-annual) will be provided in the PIM.
- The results of IEF verification, especially the final financial report, will be coordinated with the Directorate General of PPI-KLHK for review and examination of whether the report is suitable for submission to the World Bank.
- Meanwhile, the activity report will be submitted to the Directorate General of PPI-KLHK to ensure that the implementation of programs and activities using JERP's RBP funds is in accordance with fund usage guidelines and the implementation of E&S risk management.
- Subsequently, the Directorate General of PPI-KLHK will submit the consolidated activity implementation and financial reports to the World Bank. Financial reports will be submitted to the World Bank every semester or year after the first ERPA payment as agreed with the World Bank. The financial report format will be provided in the PIM.

The annual financial report on the use of JERP's RBP funds will be audited by the Supreme Audit Agency (BPK) as the official institution to audit funds in the State Revenue and Expenditure Budget (APBN) in Indonesia every year after the first emission reduction payment

(RBP) against the annually consolidated financial report prepared by LEMTARA and reviewed by IEF. The audit will provide an opinion on whether the JERP's RBP financial report receives an Unqualified Opinion (WTP) and can be accounted for. The audit results will be published on the Government of Jambi's website or the JERP website as a form of transparency in the utilization of JERP RBP funds. IEF is responsible for finalizing the consolidated financial report from LEMTARA and preparing the annual financial report to be audited by BPK. The BPK examination results for JERP's RBP will be submitted to the World Bank no later than 6 months after the end of the year.

If there are audit findings that the fund usage is not in accordance with BPK's assessment, the funds will be returned to the JERP special bank account at IEF for use in the following year. The phased submission of financial reports to IEF is expected to provide periodic assurance to IEF that the funds have been used correctly. In case of audit findings, LEMTARA will be cautioned and asked to improve fund management.

Other aspects that will be monitored and evaluated involving the institutional benefit-sharing mechanism, as presented in Chapter 5, include, but are not limited to:

a. Benefit identification stage:

- Ensuring that the identification of benefits, both for villages, community groups, private sector, NGOs, and universities, is in line with the mechanisms in this BSP document and the Beneficiary Identification SOP that has been prepared.

b. Determination of the form of benefits per beneficiary

- Ensuring that villages receiving monetary benefits or direct cash transfers from LEMTARA meet the specified criteria.

c. Benefit allocation stage

- Ensuring that the allocation of performance benefits to beneficiaries follows the criteria and indicators set by the MAR Team, i.e., historical emission and forest at risk ratio.
- Ensuring that the allocation of socio-economic incentives to selected villages follows the criteria and indicators set, i.e., livelihood structure and customary institutions.

d. Benefit distribution stage

- Ensuring that LEMTARA has fulfilled its responsibilities in accordance with the SOP for LEMTARA's operations.

e. Benefit utilization stage

- Ensuring that the use of funds by beneficiaries is 40% for emission reduction and 60% for socio-economic purposes.
- Ensuring that the programs and activities of beneficiaries adhere to the Guidelines for Criteria and Indicators of Programs and Activities prepared in the PIM.
- Ensuring that E&S Safeguards are applied to all programs and activities.
- Ensuring that GESI aspects have been allocated by beneficiaries at a minimum of 10% of the total benefits they receive.

## 7. Stakeholder Engagement Plan

This section outlines past stakeholder engagement activities, and minimum requirements for stakeholder engagement within implementation, which will be elaborated further in the PIM.

### 7.1. Recapitulation of Consultation and Deliberation

In formulating the benefit-sharing framework, extensive consultations and dialogues have been undertaken with stakeholders at both national and provincial levels. The inaugural workshop, convened on May 8-9, 2019, in Jambi, served as a platform for deliberating the intricacies of the benefit-sharing mechanism with a diverse set of stakeholders. Participants included representatives from the Ministry of Environment and Forestry (KLHK), the Jambi Provincial Government, development partners, the University of Jambi, and non-governmental organizations (NGOs). During this workshop, stakeholders advocated for an alignment of the benefit-sharing design with all facets of the Jambi Ecosystem Restoration Program (JERP), encompassing the MAR system, E&S risk management mechanisms, investment plans, and tenurial conflict mediation.

Subsequent discussions on benefit-sharing unfolded at the national level, involving key entities such as the Ministry of Home Affairs, Ministry of Finance, Ministry of Environment and Forestry, University of Indonesia, Bogor Agricultural University (IPB), and esteemed donor partners like GIZ and USAID. On June 13, 2019, these deliberations zeroed in on benefit distribution mechanisms and systems for monitoring benefits. The legal framework, as outlined in Law No. 32 of 2009 on Environmental Protection and Management, stipulates that the government should furnish environmental economic policy instruments. Complying with this mandate, Government Regulation (PP) No. 46 of 2017 was issued, regulating development planning, economic activities, environmental funding, and incentives/disincentives. Serving as an overarching guideline, PP 46/2017 dictates that a public service agency (BLU) be employed by the government to oversee environmental funds. Presidential Regulation (Perpres) No. 77 of 2018 further streamlined the process, establishing the Investment and Environmental Fund (IEF) for disbursing environmental funds, including jurisdiction-based REDD+, with provisions aimed at minimizing bureaucratic hurdles.

Addressing subnational concerns, Focus Group Discussions (FGD) were conducted on July 3-4, 2018, involving representatives from both national and provincial levels in Jambi. These discussions aimed at delineating five crucial steps in regulating benefit-sharing: benefit identification, identification of potential beneficiaries, determination of benefit distribution mechanisms, establishment of formulas for benefit distribution, and monitoring and evaluation of benefit-sharing mechanisms. Stakeholders in these FGDs recommended their preliminary preferences for the Benefit Sharing Mechanism (BSM), encompassing initial beneficiary mapping, types and distribution of benefits, a hybrid distribution mechanism combining provincial channels and direct transfers to all beneficiaries, E&S safeguards for the distribution mechanism, and guidelines for benefit utilization.

To validate the outcomes of the Focus Group Discussions (FGDs), consultations with national stakeholders were convened on August 9, 2019, in Bogor. This comprehensive session covered all facets of the benefit-sharing mechanism. A notable consideration emerged, indicating that the Intermediary Institution (LEMTARA) could not assume the form of a Regional Public

Service Agency (BLUD). This restriction stemmed from Regulation No. 79 of 2018 by the Minister of Home Affairs, which confines BLUDs in the financial realm to revolving micro, small, and medium-sized enterprise funds, as well as housing funds. The results from regional FGDs and inputs from national stakeholders were subsequently presented and confirmed to both national and provincial stakeholders through an FGD on August 13, 2019, in Bogor. Representatives from Jambi Province were actively engaged in this session, wherein stakeholders solidified their preferences for beneficiary criteria and opted for Option 3: direct distribution of benefits to beneficiaries.

Public deliberations involving stakeholders from central and regional levels took place on October 15-16, 2019, in Jambi. During this open consultation, stakeholders deliberated on their preferences for benefit distribution from the provincial to the site level and the proportional allocation of benefits to potential beneficiaries. The public consultation process comprised two interconnected phases. The first phase involved presenting material on emission reduction programs and their benefit-sharing mechanisms, providing participants with insights into policy contexts, conceptual aspects, scientific findings, and stakeholder perspectives. The second phase encompassed the deliberation itself, divided into two sessions: (i) selecting options for disbursing funds to potential beneficiaries and (ii) determining the proportion of benefit allocation to different beneficiaries (communities, private sector, NGOs, universities, and the government). Stakeholders recommended initial preferences for the benefit-sharing mechanism, endorsing a combination of Options 1 and 2 in benefit distribution—via provinces for government institutions and through the intermediary institution (LEMTARA) for other beneficiaries. Benefit distribution criteria were identified as performance, operational costs, and supporting activities, with a focus on emission reduction and community economic improvement.

Following a vacuum of almost 1 year (since December 2019) due to COVID-19 restrictions and the rehiring of the BSM consultant, the process of improving the BSP document began again by conducting a stakeholder consultation (or subnational FGD) in Jambi on October 21, 2020. At this FGD, various representatives of stakeholders at the subnational level along with the Directorate General of PPI – KLHK, the Directorate General of Regional Financial Development – Ministry of Home Affairs, and the Fiscal Policy Agency – Ministry of Finance from the national level attended the FGD. In this FGD, the status of the components in the BSP was updated following the latest developments in policies and regulations. Proposed components, among others, are integration of BSM with the MAR system and safeguards mechanism; the proportion of benefit allocation; criteria and indicators in distributing benefits, especially performance allocation; and the utilization of RBP.

To follow up on the results of the subnational FGD in Jambi, a FGD at the national level was held on November 17, 2020, in Bogor, West Java. This FGD was attended by stakeholders at the national level, including representatives of academics, in addition to representatives from ministries. In this FGD, several technical aspects of BSM for benefit distribution were discussed, including the need for a new nomenclature for the emission reduction payment (RBP) under Other Legitimate Regional Revenues (*Lain-lain Pendapatan Daerah yang Sah*) if channeled through APBD; the need for Implementation Procedures (*Petunjuk Pelaksanaan*, Juklak) for the benefit utilization; and the importance of accredited intermediary agencies (LEMTARA) that will be

selected by the Jambi Provincial Government as a representative of subnational beneficiaries. If the selected LEMTARA is not a local institution, the LEMTARA will likely be asked to arrange a consortium with local institutions depending on capacity assessment of the LEMTARA by Directorate General of PPI-KLHK and Subnational REDD+ Management Institution in its implementation.

To optimize the integration process of BSM with MAR and safeguards mechanisms, an internal discussion within the scope of the Directorate General of PPI-KLHK and involving IEF was held on March 23, 2021, in Jakarta. MAR and safeguards experts were also invited to this internal discussion as resource persons to ensure the integration steps. The issues discussed in this internal discussion were to map needs of integrating MAR system and E&S safeguards system into BSM when receiving benefits, channeling benefits to beneficiaries, and utilizing the benefits; analyze the linkages between the investment framework and BSM, especially in determining mechanisms for the allocation of benefits to beneficiaries; and develop harmonious steps in integrating the emission reduction program devices and their relations with the Jambi jurisdiction's investment framework.

Subsequently, a national Focus Group Discussion (FGD) involving a broader spectrum of stakeholders took place on March 26, 2021, in Bogor. This session included participants from the Directorate General of PPI-KLHK, the Ministry of Finance, the Ministry of Home Affairs, the Ministry of Village, IEF, and MAR, as well as safeguards experts from BioCF-ISFL. The aim was to provide recommendations for refining the Benefit Sharing Proposal (BSP) document, addressing aspects that needed improvement from the initial document, collecting relevant input from national stakeholders, and outlining steps to enhance the BSP document based on diverse inputs.

As a follow-up to the national FGD, a subnational FGD unfolded in Jambi Province on March 31 - April 1, 2021. This session involved stakeholders from the provincial government (including KPH) and districts, universities, NGOs, and companies. Some representatives from relevant ministries at the national level also participated virtually. The objectives were to gather diverse inputs from regional stakeholders to refine identified aspects in the BSP document, analyze regional stakeholder preferences regarding options in each aspect, and develop steps to improve the BSP document based on various inputs from stakeholders in Jambi Province. The outcomes of this FGD will serve as the foundation for refining the BSP document.

To finalize BSP document, especially determining options of benefit allocation and channeling mechanism of benefit, a consultation with BAPPEDA Jambi, heads of relevant Provincial Working Units (SKPDs) in Jambi, SNPMU and Directorate General of PPI-KLHK was held on June 8-9, 2021, in Jambi. The consultation aimed to determine two important aspects of BSP, namely: benefit allocation proportion and channeling mechanism. The results of this consultation will be the basis to produce the advanced BSP document. Based on this consultation, stakeholders proposed two points as follows:

- Benefit allocation is for the operational cost (12%), performance (70%), and social-economic compensation and supporting activities (18%); and
- Intermediary agency (LEMTARA) mechanism will be used to channeling benefits to beneficiaries.

To agree on the allocation of the operational cost, especially for the IEF, a follow-up FGD was held in Bogor on October 21<sup>st</sup>, 2021. This FGD was attended by the Executive Director of IEF, Director of MS2R, Head of REDD+ Sub-Directorate-Directorate of Climate Change Mitigation, Head of Bappeda Jambi, and Deputy Head of SNPMU.

Since the crucial aspects in the BSP were decided and the BSP draft was considered as advanced draft while awaiting the results of FPIC, and an FGD involving the same stakeholders as the previous FGD was held in Bogor on October 22<sup>nd</sup>, 2021. In this FGD, the follow-up actions for the implementation of the BSP document were discussed. The FGD agreed that Bappeda and SNPMU would form a BSM unit at SNPMU and prepare 5-6 personnel. In addition, SNPMU expected that these personnel can be trained in advance regarding the BSM. Currently, there are 10 persons submitted and will be selected to be 5-6 persons.

To improve the BSP document and address World Bank's comments in the draft, Directorate of Regional and Sectoral Resource Mobilization (MS2) organized a FGD on March 24<sup>th</sup>, 2023 in Bogor. This FGD invited National Government, Jambi Government, World Bank team, and experts (including MAR and safeguards). In this FGD, participants agreed several points as follows:

- Integrating deforestation risk into forest cover and indicator has changed into Forest at Risk Ratio;
- Proportion between historical emissions and forest at risk ration in channeling benefit is 50% and 50% respectively;
- Information of tax is not included in the BSP document;
- Stakeholder agreed to change timelines of LP selection, ER monitoring report, and submission of ER payment.

To follow up technical mission of World Bank about JERP, Directorate of MS2R organized a series of FGDs from 17-18 of October 2023 in Jambi. The FGDs involved all stakeholders at the national and subnational levels. FGD agreed the following aspects:

- Updating structure of BSP document. New version of BSP structure agreed in the FGD.
- LEMTARA's tariff will be collected from RBP allocated to beneficiaries by excluding IEF's tariff.
- Operational cost allocation was changed into Responsibility Cost allocation.
- Revising socio-economic compensation into socio-economic incentive.
- Increasing allocation of responsibility cost for national government and subnational government based on simulation that would be carried out by SNPMU and Directorate of MS2R.

To update benefit allocation, particularly responsibility cost, in BSP document, Directorate of MS2R organized a consultation with stakeholders on October 25<sup>th</sup>, 2023 in Bogor, West Java. The consultation involved IEF, directorates in PPI-KLHK, and SNPMU. In this consultation, several aspects agreed as following:

- Allocation responsibility cost to IEF agreed around of 5% referring to Perdirut BPDLH No. 5/2023 regarding IEF Tariff for Managing Environmental Funds.
- Responsibility cost for national and subnational agreed to be increased, namely: 4% and 6% respectively.

- Building Selection Team (Tim Pansel) to recruit LEMTARA under approval Directorate General of PPI-KLHK and Government of Jambi.

To discuss and update the current BSP document, Directorate of MS2R facilitated a FGD with NGOs and Universities in Jambi on November 10<sup>th</sup>, 2023. This discussion was also to get feedback from NGOs and local universities about the BSP document. Based on their feedback, several consensuses were as follows:

- NGOs and universities will get monetary benefit from LEMTARA through call for proposal.
- NGOs proposed that villages with Good predicate can get monetary benefit or cash transfer from LEMTARA. One of aspects to be considered as Good predicate was that villages have received village funds in twice a year. Villages with non-Good predicate should receive funds 3 or 4 times a year.
- Considering social forestry group to receive monetary benefits.

To update status of BSP document (final with notes), Directorate of MS2R organized a FGD on November 24<sup>th</sup>, 2023 in Jakarta by involving national stakeholders, SNPMU and World Bank team. In FGD, there are several approvals related to BSP document as follows:

- Currently, BSP document can be determined as advanced draft and final draft will be endorsed after emission reduction calculation finalized by MAR team as the basis to identify beneficiaries and benefit allocation per beneficiary.
- Revise table for benefit allocation by referring to total RBP
- Updating timeline
- Estimate number of eligible beneficiaries per category of beneficiaries, i.e.: government, community, private sector, NGO, and universities.

To conclude the BSP document, particularly in determining benefit allocation choices and distribution mechanisms, consultations were held with BAPPEDA Jambi and heads of relevant Regional Apparatus.<sup>37</sup>

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<sup>37</sup> The Final draft of the BSP will include evidence of broad-based public consultations undertaken between the Advanced and Final drafts of the BSP, to ensure final decisions and arrangement have been fully consulted with potentially affected stakeholders. These consultations will enable stakeholders' views to be considered in project design, implementation, and project's overall performance.

**Table 7.1.** Recapitulation of Consultations and Deliberations in developing BSP document.

| No | Activity   | Location and Date      | Participant                            | Participant/Stakeholder   | Output  |
|----|--|------------------------|--|---|---|
| 1  | FGD on Preparation Step of Bio-carbon Initiative for Sustainable Forest Landscape (BioCF-ISFL) Program in Jambi Province | Jambi, May 8-9, 2019   | 60 participant (38 male and 22 female) | Bappeda Prov. Jambi, Dishut Prov. Jambi, DLH Prov. Jambi, Dinas Tanaman Pangan Prov. Jambi, Disbun Prov. Jambi, UPTD KPHP dan Tahura Lingkup Prov. Jambi, Balai KSDA Prov. Jambi, BPDASHL Batanghari, BPHP Wil IV Jambi, BPKH Wil III Jambi, BTN Berbak dan Sembilang, BTN Bukit Dua Belas, BTN Bukit Tiga Puluh, BTN Kerinci Seblat, UnJa (Fakultas Kehutanan), KKI Warsi, Sekber PSDH, Mitra Aksi, Pundi Sumatera, Cakrawala, Setara, dan ZSL Indonesia, Indonesia Association of Forestry concession Holders (APHI) Jambi. | <ul style="list-style-type: none"> <li>In developing benefit sharing mechanism, it is important to determine the smallest unit for performance appraisal (MRV system) in each type of land.</li> <li>Potential beneficiaries should be determined in the beginning and then they can develop proposal for emission reduction activities.</li> <li>Chosen scheme for channeling of benefits is through Public Service Agency (BLU) scheme referring to PP 23/2005, PP 46/2017 and PermenLHK P.70/2017</li> <li>Stakeholders will determine channelling mechanism from BLU to beneficiaries: through province, through intermediary agency, direct transfer to entity or combination.</li> <li>Allocation of benefit will be adjusted based on performance and it will need a monitoring and evaluation system</li> </ul> |
| 2  | National FGD on Concept and Implementation of BSM of ER program  | Jakarta, June 13, 2019 | 35 participants (21 male, 14 female)   | Kemendagri, Kemenkeu, Dit Mobilisasi, Ditjen PPI KLHK, Pusat Riset Perubahan Iklim – UI, Pusat Studi Ilmu Lingkungan – UI, Fakultas Kehutanan – Institut Pertanian Bogor (IPB), GIZ, uSaid, UK-aid, AUSaid  | <ul style="list-style-type: none"> <li>Development of BSM should synergize with MRV system and safeguard mechanism.</li> <li>Benefit sharing mechanism and safeguard should be started from up-front investment to result based payment.</li> <li>Design of BSM for BioCF Program needs to consider the following points: a) land tenure; b) contribution to land; c) village status if it uses village as an unit; d) concept of BLU will be adjust with developed mechanism</li> <li>Design of BSM will be the basis for development of benefit sharing plan</li> <li>Benefit sharing plan will contain the following aspects: identification of benefit, identification of potential beneficiaries, channeling mechanism, proportion allocation mechanism and monitoring mechanism</li> </ul>                        |
| 3  | FGD on Design of BSM from emission reduction in Jambi Province   | Jambi, July 3-4, 2019  | 65 participants (37 male, 28 female)   | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan, Conservation units in Jambi, Bappeda Provinsi Jambi, Dinas Kehutanan   | <p>Results of discussion with participants in Session 1 are as follows:</p> <ul style="list-style-type: none"> <li>Monetary benefits for private sector will be further discussed with stakeholders. However, they are potential for gaining the monetary benefits</li> </ul>   |

| No | Activity   | Location and Date      | Participant                          | Participant/Stakeholder  | Output  |
|----|--|------------------------|--------------------------------------|--|---|
|    |  |                        |                                      | Provinsi Jambi, Dinas Perkebunan<br>Provinsi Jambi, Dinas Pertanian<br>Provinsi Jambi, Balitbangda Provinsi Jambi, KPH-KPH di Provinsi Jambi, Universitas Jambi, Perusahaan Kehutanan dan Perkebunan, Civil Society Organizations, Private Sector (RE company, forestry and plantation companies), Benefi Sharing Mechanism (BSM) group of Provinsi Jambi. | <ul style="list-style-type: none"> <li>The main expected non-monetary benefit from the private sector is business continuity guarantee.</li> <li>Legal umbrella for BSM at subnational level needs to be considered whether local regulation or governor decree.</li> <li>Legal umbrella of BSM at subnational level will be intervened in phase of pre-investment</li> <li>Criteria of performance should be directed to biggest emission reduction target</li> <li>Capacity building for forest-fringe communities in management of forest and land</li> </ul> <p>Results of discussion with participants in Session 2 are as follows:</p> <ul style="list-style-type: none"> <li>Criteria of beneficiaries are land managers, mandate, and contribution</li> <li>Identification of beneficiaries should be adjusted with spatial mapping from MRV team.</li> </ul> <p>Results of discussion with participants in Session 3 and 4 are as follows</p> <ul style="list-style-type: none"> <li>Criteria for benefit allocation to beneficiaries should refer to scientific process first and then submit to policy process or can be parallel.</li> <li>Proposed criteria are performance, cost (direct contribution) and indirect contribution</li> </ul> |
| 4  | National FGD on analysis data of BSM with national stakeholder | Bogor, August 9, 2019  | 30 participants (19 male, 11 female) | Kemendagri, Kemenkeu, Dit Mobilisasi, Ditjen PPI KLHK, Pusat Riset Perubahan Iklim – UI, Pusat Studi Ilmu Lingkungan – UI, Fakultas Kehutanan – Institut Pertanian Bogor (IPB), GIZ, uSaid, UK-aid, AUSaid   | <ul style="list-style-type: none"> <li>BSM is only focus on third phase, namely result-based payment</li> <li>Intermediary agency for supporting BLU in channeling benefits to beneficiaries cannot be in form of BLUD</li> <li>Potential of beneficiaries must have commitment and develop contract with BLU-IEF</li> </ul>  |
| 5  | FGD on analysis data of BSM with national and                  | Bogor, August 13, 2019 | 50 participants (29 male, 21         | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan,   | <ul style="list-style-type: none"> <li>Criteria of beneficiaries are land manager, mandate, and contribution</li> <li>Smallest unit of beneficiaries is group (kelompok)</li> </ul>   |

| No | Activity  | Location and Date          | Participant                          | Participant/Stakeholder  | Output  |
|----|---|----------------------------|--------------------------------------|--|---|
|    | subnational stakeholder   |                            | female)                              | Conservation Units in Jambi, Bappeda Provinsi Jambi, Dinas Kehutanan Provinsi Jambi, Dinas Perkebunan Provinsi Jambi, Dinas Pertanian Provinsi Jambi, Balitbangda Provinsi Jambi, KPH-KPH di Provinsi Jambi, Universitas Jambi, Perusahaan Kehutanan dan Perkebunan, Private Sector (RE company, forestry and plantation companies), Lembaga Swadaya Masyarakat, Tim Kelompok Benefit Sharing Mechanism (BSM) Provinsi Jambi.  | <ul style="list-style-type: none"> <li>Stakeholders choose option 3 in channeling benefits to beneficiaries, namely direct transfer to entities. However, for local working units (OPD), they will follow APBD system or Governor can make a regulation at subnational level to ensure that each OPD can receive benefit directly</li> </ul>  |
| 6  | Public deliberation for Benefit Sharing Plan  | Jambi, October 15-16, 2019 | 55 participants (32 male, 23 female) | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan, Conservation Units in Jambi, Bappeda Provinsi Jambi, Dinas Kehutanan Provinsi Jambi, Dinas Perkebunan Provinsi Jambi, Dinas Pertanian Provinsi Jambi, Balitbangda Provinsi Jambi, KPH-KPH di Provinsi Jambi, Universitas Jambi, Perusahaan Kehutanan dan Perkebunan, Private Sector (RE company, forestry and plantation companies), Lembaga Swadaya Masyarakat, Tim Kelompok Benefit Sharing Mechanism (BSM) Provinsi Jambi. | <ul style="list-style-type: none"> <li>Criteria of beneficiaries are land manager; and criteria of eligible beneficiaries for accessing benefits are: mandate and contribution</li> <li>Stakeholders choose Combination Option 1 and 3 in channeling benefits: through province for government institutions and through intermediary agency for other beneficiaries</li> <li>Proportion for each criterion of benefit distribution will be discussed in high level meeting</li> <li>Benefit utilization will be earmarked and focus on emission reduction and community economy improvement.</li> </ul> |
| 7  | Discussion with Directorate General of Regional Financial Management – Ministry of Home Affairs | Jakarta, November 15, 2019 | 19 participants (11 male, 8 female)  | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan and Direktorat Jenderal Bina Keuangan Daerah – Kemendagri  | <ul style="list-style-type: none"> <li>Recording benefits/funds that are transferred to province and then to district is a special grant</li> <li>For village, the funds will be recorded as Other Legitimate Village Revenues</li> <li>MoEF will make implementation procedure (JUKLAK) for utilizing the benefits through a Permen and the attached into Permendagri on APBD.</li> </ul>  |

| No | Activity   | Location and Date          | Participant                          | Participant/Stakeholder  | Output   |
|----|--|----------------------------|--------------------------------------|--|--|
| 8  | FGD on system and proportion of benefit distribution | Jakarta, November 25, 2019 | 56 participants (35 male, 21 female) | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan, Conservation units in Jambi, Dinas Kehutanan Provinsi Jambi, KPH-KPH di Provinsi Jambi, Private sector (RE company, forestry and plantation companies), Lembaga Swadaya Masyarakat, Tim Kelompok Benefi Sharing Mechanism (BSM) Provinsi Jambi. | <ul style="list-style-type: none"> <li>Submission of RBP will be conducted twice on 2023 and 2026.</li> <li>Benefit allocation components to beneficiaries are as follows: 60% performance, 30% responsibility cost and 10 supporting activities.</li> </ul>   |
| 9  | National FGD on refinement of BSP document draft     | Bogor, November 27 2019    | 23 participants (13 male, 10 female) | Kemendagri, Kemenkeu, Dit Mobilisasi, Ditjen PPI KLHK, Pusat Riset Perubahan Iklim UI  | <ul style="list-style-type: none"> <li>Transfer of RBP to APBN will be recorded as BLU revenues. The funds will be transferred to BLU-IEF treasury</li> <li>Transfer of benefits from BLU to province will be recorded as a special grant in APBD</li> <li>Implementation procedure (JUKLAK) for benefit utilization prepared by MoEF through a regulation as level as PERMEN.</li> <li>Transfer benefit to national's UPTs such as national park will use self-management scheme type II</li> </ul>                                     |
| 10 | Expert meeting for refinement of BSP document draft  | Bogor, November 28, 2019   | 21 participants (13 male, 8 female)  | Mobilisasi, Ditjen PPI KLHK, Pusat Riset Perubahan Iklim – UI, Pusat Studi Ilmu Lingkungan – UI, Fakultas Kehutanan – Institut Pertanian Bogor (IPB), GIZ, uSaid, UK-aid, AUSaid   | <ul style="list-style-type: none"> <li>All components of BSM are already good and reflecting the stakeholders' preference. However, the BSP document should be frame through a regulation at the subnational level.</li> <li>Measurement units for calculating benefits using MAR system are: management unit for forest areas and sub-district boundaries for non-forest areas.</li> <li>The concept of BSP has already been relevant with applied regulations in Indonesia, especially public finance – related regulations</li> </ul> |
| 11 | Subnational FGD for updating status of BSP document  | Jambi, October 21, 2020    | 45 participants (26 male, 19         | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan, Conservation units in Jambi, Dinas Kehutanan Provinsi Jambi, KPH-KPH di Provinsi Jambi, private sector (RE company, forestry and plantation   | <ul style="list-style-type: none"> <li>Provided concept for integrating MAR system and safeguard mechanism into BSM.</li> <li>Proposed proportion of benefit allocation are as follows: performance allocation (70%) and responsibility cost allocation (30%).</li> <li>Channeling mechanism of benefits are being proposed using a combination of APBD and intermediary agency</li> </ul>   |

| No | Activity   | Location and Date               | Participant                          | Participant/Stakeholder   | Output  |
|----|--|---------------------------------|--------------------------------------|---|---|
|    |  |                                 | female)                              | companies), Lembaga Swadaya Masyarakat, Tim Kelompok Benefit Sharing Mechanism (BSM) Jambi  | mechanisms.   |
| 12 | National FGD for strengthening technical aspects of distribution and utilization of benefits | Bogor, 17 November 2020         |                                      | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan dan Direktorat Jenderal Bina Keuangan Daerah – Kemendagri, Kementerian Keuangan, BLU-IEF, akademisi   | <ul style="list-style-type: none"> <li>• Channeling mechanism of benefits will use criteria of historical emission and forest cover</li> <li>• Subnational institution for ER program has integrated the BSM into MAR team.</li> <li>• Implementation procedure (JUKLAK) for benefit utilization will be applied nationally.</li> </ul>   |
| 13 | Internal discussion for updating aspects of BSP document                                     | Jakarta, March 23, 2021         | 21 participants (13 male, 8 female)  | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan, BLU-IEF, dan para ahli Program BioCF   | <ul style="list-style-type: none"> <li>• Benefit allocation for responsibility cost and performance need to be confirmed to site-level beneficiaries.</li> <li>• Technical aspects for channeling funds need to be prepared at the national level such as nomenclature of RBP in APBD, and JUKLAK of benefit utilization.</li> <li>• Integration of BSM with MAR system and safeguard mechanism need to be further discussed in internal of DGCC – MoEF.</li> </ul>   |
| 14 | National FGD for refinement of BSP document  | Bogor, March 26, 2021           | 30 participants (18 male, 12 female) | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan dan Direktorat Jenderal Bina Keuangan Daerah – Kemendagri, Kementerian Keuangan, Kementerian Desa, BLU-IEF, Tim BioCF-ISFL  | <ul style="list-style-type: none"> <li>• Need to add social-economic compensation into benefit allocation.</li> <li>• DGCC – MoEF required to send an official letter to MoHA to giving a new nomenclature for emission reduction funds (RBP) in APBD system.</li> <li>• If criteria of LP cannot be fulfilled by local institutions, so selected LP should build a consortium with involving the local institutions.</li> <li>• JUKLAK for benefit utilization will be applied nationally.</li> </ul>        |
| 15 | Subnational FGD for refinement of BSO document   | Jambi, March 31 – April 1, 2021 | 45 participants (26 male, 19 female) | Direktorat Jenderal Pengendalian Perubahan Iklim – Kementerian Lingkungan Hidup dan Kehutanan, Conservation units in Jambi, Dinas Kehutanan Provinsi Jambi, KPH-KPH di Provinsi Jambi, Perusahaan Kehutanan dan Perkebunan, Lembaga Swadaya Masyarakat, Universitas, Private Sector (RE company, forestry and plantation companies), Tim Kelompok Benefit | <ul style="list-style-type: none"> <li>• Submission of RBP will be conducted twice: 2023 and 2026</li> <li>• Benefit allocation for responsibility cost 22%, performance 70% and social-economic compensation and supporting activities 8%.</li> <li>• Channeling mechanism of benefits to beneficiaries will use a combination of APBD and Intermediary agency mechanisms.</li> <li>• Criteria for channeling benefits are as follows: historical emission, forest cover, and deforestation risk.</li> </ul> |

| No | Activity  | Location and Date       | Participant                          | Participant/Stakeholder   | Output   |
|----|---|-------------------------|--------------------------------------|---|--|
|    |   |                         |                                      | Sharing Mechanism (BSM) Provinsi Jambi.   |  |
| 16 | Subnational FGD for Finalization of BSP document                    | Jambi, June 8-9, 2021   | 18 participants (12 male, 6 female)  | Directorate of MS2R, Directorate of Climate Change Mitigation, SPMU, Head of relevant SKPDs | <ul style="list-style-type: none"> <li>Benefit allocation components are as follows: Operational Cost (12%), Performance (70%) and Social-economic compensation and Supporting Activities (18%)</li> <li>Channeling mechanism of benefit will use Intermediary agency (LP) mechanism.</li> </ul>   |
| 17 | National FGD for updating status of BSP document                    | Bogor, October 21, 2021 | 15 participants (10 male, 5 female)  | Directorate of MS2R, Directorate of Climate Change Mitigation, BLU-IEF, SPMU, Bappeda,      | <ul style="list-style-type: none"> <li>Operational cost for BLU-IEF (5%) for supervising the LP</li> <li>Government of Jambi will facilitate a BUMD to be the intermediary agency with following the accreditation process under BLU-BPLDH and possible build a consortium with potential local institutions.</li> </ul>   |
| 18 | National FGD for institutional arrangement of BSM in Jambi province | Bogor, October 22, 2021 | 15 participants (10 male, 5 female)  | Directorate of MS2R, Directorate of Climate Change Mitigation, BLU-IEF, SPMU, Bappeda,      | <ul style="list-style-type: none"> <li>The Bappeda will provide potential personnel for BSM team within SPMU</li> <li>The personnel need to be trained to increase their knowledge and capacity to understand and implement the BSM.</li> </ul>  |
| 19 | National FGD for updating BSP document based on WB comments         | Bogor May 27, 2022      | 26 participants (16 male, 10 female) | World Bank, Directorate of MS2R, Directorate of Climate Change Mitigation, and SPMU         | <ul style="list-style-type: none"> <li>The participants agreed to organize one meeting, especially with Provincial Technical Committee (PTC) to finalize the BSP document.</li> <li>The meeting is only focused to response the simulation results provided by MAR team that there are several potential beneficiaries will underperform in the context of the performance allocation.</li> <li>To provide enabling conditions for underperform beneficiaries, whether will be allocated from performance or social-economic compensation allocation. This will be decided in the</li> </ul> |

| No | Activity  | Location and Date                    | Participant                            | Participant/Stakeholder  | Output  |
|----|---|--------------------------------------|--|--|---|
|    |   |                                      |  |  | PTC meeting.  |
| 20 | FGD for updating BSP document based on MAR inputs and WB's comments | Kerinci, July 28, 2022               | 20 participants (12 male, 8 female)    | DGCC-MoEF, SPMU, Jambi BSM team, and World Bank                                  | <ul style="list-style-type: none"> <li>The participant agreed to change the proportion of each allocation and will request PTC's approval</li> <li>The participants will allocate benefit to district/municipality government. The benefit can be accessed by district/municipality government through proposal submission for supporting activity component.</li> <li>The benefit for district/municipality government will be directed to support better policies in district level and FMUs in identifying beneficiaries, especially villages/communities.</li> <li>Participants agreed to allocate buffer for unperforming management units</li> <li>Participants agreed that decision making process that Subnational REDD+ Management Institution's approval will need to be agreed by DGCC-MoEF and known by BLU-IEF.</li> </ul> |
| 21 | FGD for improving BSP document                                      | Bogor, March 24 <sup>th</sup> , 2023 | 25 participants (10 male, 15 female)   | DGCC-MoEF, SPMU, Jambi Government, IC BioCF, and World Bank                      | <p>In this FGD, participants agreed several points as follows:</p> <ul style="list-style-type: none"> <li>Integrating deforestation risk into forest cover and indicator has changed into Forest at Risk Ratio;</li> <li>Proportion between historical emissions and forest at risk ration in channeling benefit is 50% and 50% respectively;</li> <li>Information of tax is not included in the BSP document;</li> <li>Stakeholder agreed to change timelines of LP selection, ER monitoring report, and submission of ER payment.</li> </ul>  |
| 22 | FGD for Updating BSP document                                       | Jambi, 17-18 of October 2023         | 32 participants (18 males, 14 females) | Directorate of PPI-KLHK, SNPMU, government of Jambi, FMUs and conservation units | <ul style="list-style-type: none"> <li>Updating structure of BSP document. New version of BSP structure agreed in the FGD.</li> <li>LEMTARA's tariff will be collected from RBP allocated to beneficiaries by excluding IEF's tariff.</li> <li>Operational cost allocation was changed into Responsibility Cost allocation.</li> </ul>  |

| No | Activity  | Location and Date                       | Participant                            | Participant/Stakeholder   | Output   |
|----|---|---|--|---|--|
|    |   |   |  |   | <ul style="list-style-type: none"> <li>▪ Revising socio-economic compensation into socio-economic incentive.</li> <li>▪ Increasing allocation of responsibility cost for national government and subnational government based on simulation that would be carried out by SNPMU and Directorate of MS2R.</li> </ul>   |
| 23 | FGD to update responsibility cost in BSP document | Bogor, October 25 <sup>th</sup> , 2023  | 23 (13 male, 10 female)                | IEF, Directorate of PPI-KLHK, SNPMU, government of Jambi, FMUs and conservation units                     | <ul style="list-style-type: none"> <li>▪ Allocation responsibility cost to IEF agreed around of 5% referring to Perdirut BPDLH No. 5/2023 regarding IEF Tariff for Managing Environmental Funds.</li> <li>▪ Responsibility cost for national and subnational agreed to be increased, namely: 4% and 6% respectively.</li> <li>▪ Building Selection Team (Tim Pansel) to recruit LEMTARA under approval Directorate General of PPI-KLHK and Government of Jambi.</li> </ul>   |
| 24 | FGD with NGOs and Universities in Jambi           | Jambi, November 10 <sup>th</sup> , 2023 | 33 participants (19 males, 14 females) | Directorate of PPI-KLHK, SNPMU, government of Jambi, FMUs and conservation units, NGOs, and universities. | <ul style="list-style-type: none"> <li>▪ NGOs and universities will get monetary benefit from LEMTARA through call for proposal.</li> <li>▪ NGOs proposed that villages with Good predicate can get monetary benefit or cash transfer from LEMTARA. One of aspects to be considered as Good predicate was that villages have received village funds in twice a year. Villages with non-Good predicate should receive funds 3 or 4 times a year.</li> <li>▪ Considering social forestry group to receive monetary benefits.</li> </ul>                    |
| 25 | FGD updating BSP document with World Bank         | November 24 <sup>th</sup> , 2023        | 30 participants (18 males, 12 females) | Directorate of PPI-KLHK, SNPMU, government of Jambi, FMUs and conservation units, and World Bank          | <ul style="list-style-type: none"> <li>▪ Currently, BSP document can be determined as advanced draft and final draft will be endorsed after emission reduction calculation finalized by MAR team as the basis to identify beneficiaries and benefit allocation per beneficiary.</li> <li>▪ Revise table for benefit allocation by referring to total RBP</li> <li>▪ Updating timeline</li> <li>▪ Estimate number of eligible beneficiaries per category of beneficiaries, i.e.: government, community, private sector, NGO, and universities.</li> </ul> |

## 7.2. Stakeholder Engagement Plan

Stakeholder engagement in BSP implementation has the following objectives:

- To promote and provide means for **effective and inclusive engagement with JERP-affected parties throughout the JERP cycle** on issues that could affect them.
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a **timely, understandable, accessible, and appropriate manner and format**.
- To provide JERP-affected parties, including the most vulnerable groups and individuals, with **accessible and inclusive means to raise issues and grievances** and allow responsible agencies to respond to and manage such grievances.

Details of the Stakeholder Engagement Plan will be elaborated in the Final Draft following consultations mentioned above, and consistent with ESMF requirements.