MANAGEMENT RESPONSE TO REQUEST FOR INSPECTION PANEL REVIEW OF THE INDONESIA: EAST KALIMANTAN PROJECT FOR EMISSION REDUCTIONS RESULTS (P166244)

Management has reviewed the Request for Inspection of the Indonesia: East Kalimantan Project for Emission Reductions Results (P166244), received by the Inspection Panel on November 3, 2025, and registered on December 23, 2025 (RQ25/07). Management has prepared the following response.

February 11, 2026

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CONTENTS

ABBREVIATIONS AND ACRONYMS ..... **iv**
EXECUTIVE SUMMARY ..... **vi**
I. INTRODUCTION **1**
II. THE REQUEST **1**
III. BACKGROUND ON THE ER PROGRAM AND THE PROJECT **3**
IV. SAFEGUARDS APPROACH TO THE PROJECT **13**
V. MANAGEMENT'S RESPONSE **16**

Map

Map 1. IBRD No. 44660: Land type based on its function in East Kalimantan

Annexes

Annex 1. Claims and Responses
Annex 2. Summary of 2025 Public Consultation on BSP Revision and IPP Development
Annex 3. Mahakam Ulu District Government MHA Verification Committee Announcement on the Verification Result of Umaa Suling and Bahau Busang Umaq Suling *Adat* Communities
Annex 4. Legal MHA Recognition Process Overview

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ABBREVIATIONS AND ACRONYMS

Adat	Customary law (Indonesian)
BSP	Benefit Sharing Plan
CO_2	Carbon dioxide
COVID-19	Coronavirus Disease 2019
CSO	Civil Society Organization
DPMPD	Community Empowerment and Village Government Agency (*Dinas Pemberdayaan Masyarakat dan Pemerintahan Desa*)
ER	Emission Reductions
ERMR	Emission Reductions Monitoring Report
ERPA	Emission Reductions Payment Agreement
ERPD	Emission Reductions Program Document
ESDD	Environmental and Social Due Diligence
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
FCPF	Forest Carbon Partnership Facility
FCPF-CF	Forest Carbon Partnership Facility Carbon Fund
FMU	Forest Management Unit
FPIC	Free, Prior, and Informed Consent
FPP	Forest Peoples Programme
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service of the World Bank
ha	Hectares
HCV	High Conservation Value
IEF	Indonesian Environment Fund
IPLC	Indigenous Peoples/Local Communities
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
ISPO	Indonesian Sustainable Palm Oil
MHA	Customary Law Communities (*Masyarakat Hukum Adat*)
MoE	Ministry of Environment
MoEF	Ministry of Environment and Forestry (former)
MoFor	Ministry of Forestry
MPA	Community Forest Fire Prevention Group (*Masyarakat Peduli Api)*
NGO	Nongovernmental organization
OP	Operational Policy
PF	Process Framework
PNP	*Perkumpulan Nurani Perempuan*
REDD+	Reducing Emissions from Deforestation and Forest Degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks in developing countries
PMU	Program Management Unit
RPF	Resettlement Planning Framework

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SESA	Strategic Environmental and Social Assessment
SIA	Subnational Intermediary Agencies
TPM	Third-Party Monitoring

Currency Unit
Indonesian Rupiah (IDR)

US$ 1.00 = IDR 16,786
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EXECUTIVE SUMMARY

The Project

i. The ***East Kalimantan Project for Emission Reductions Results (P166244, the "Project")*** aimed to provide payment from the Forest Carbon Partnership Facility Carbon Fund (FCPF-CF) for verified emission reductions (ER) from Reduced Deforestation and Forest Degradation (REDD+) across the province of East Kalimantan in Indonesia. The Project served as a financing vehicle for the ER generated under the Government's ***East Kalimantan Jurisdictional Emission Reductions Program (ER Program)***, which is financed and implemented by the Government of Indonesia and described in an Emission Reductions Program Document (ERPD). The Project was approved by the Regional Vice President (RVP) on November 24, 2020, and closed on December 31, 2025.

ii. The ERPD sets out the ER Program implemented at the scale of East Kalimantan Province, covering approximately 12.7 million hectares (ha) of land and 6.5 million ha of forest across seven districts and three cities. The ER Program aims to reduce emissions while supporting improved land governance, sustainable development, and livelihoods for Indigenous Peoples and local communities, and is embedded within Indonesia's national REDD+ framework and climate commitments. The Project was governed by two legal agreements, known as the Emission Reduction Purchase Agreements (ERPA),[1] between the Republic of Indonesia, represented by the Ministry of Environment and Forestry (MoEF)[2] (the "Government") and the World Bank (the "Bank") acting as Trustee of the FCPF (see paragraphs 5–30 for more details).

iii. The Project Development Objective was to incentivize reduced deforestation and forest degradation in East Kalimantan, through payment of verified ER, and to help ensure that paid amounts were distributed according to an agreed Benefit Sharing Plan (BSP).

iv. Based on the jurisdictional nature of the ER Program, a systems approach was applied for the implementation of environmental and social safeguards applicable to both the Government's ER Program and the BSP. This systems approach—which is akin to the Bank's approach for financial intermediary operations—does not involve Bank supervision of the individual activities under the ER Program. Environmental and social (E&S) risks were managed through the Government's Environmental and Social Management System (ESMS), complemented by Project-specific instruments. The Bank monitored E&S performance at an aggregated systems level, based on confirmation of the ability of the Government ESMS to manage the E&S risks and impacts of those individual activities (see paragraphs 16, 31–38 for more details).

[1]Two ERPA were signed for this operation on November 25, 2020—one for Tranche A of the Carbon Fund, and one for Tranche B. Both are referred to when the ERPA is referenced in the context of this operation and the Request.
[2] Following an 2024 institutional reorganization in Indonesia, ERPA responsibilities were split between the Ministry of Forestry, which is the technical lead on forest governance, management and REDD+, and the Ministry of Environment, which is responsible for carbon transactions and results-based payments under the ERPA.

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v. The Government's ESMS was assessed and gap-filling measures were identified where needed. Supervision focused on reviews of the periodic environmental and social system-level performance reporting by the Government. Some reporting gaps occurred, and the sequencing and arrangements were clarified and consolidated during implementation (see paragraphs 39–45).

The Request

vi. On December 23, 2025, the Inspection Panel registered a Request for Inspection, IPN Request RQ25/07 (hereafter referred to as the "Request"), concerning the Project. The Request for Inspection was submitted by members of the Dayak Bahau customary community of Long Isun[3] in East Kalimantan, Indonesia (hereafter referred to as the Requesters).

vii. The Request alleges that the Project caused significant environmental and social harm, worsening land disputes and delaying legal recognition of the community as Indigenous Peoples in Indonesia. It further alleges that the Project disregarded land rights and customary practices, undermining cultural traditions and livelihoods, and replacing indigenous forest governance with a market-driven model that commodifies forests. The Request also alleges that the Project perpetuated structural discrimination by limiting access to benefits and requiring government partnerships. The consultations are described in the Request as being inadequate, coercive, and misleading, with minimal inclusion of women. The community additionally alleges that, after raising concerns, it faced threats and retaliation.

Management's Response

viii. ***Management has carefully reviewed the concerns raised by the Long Isun community and concludes that they largely fall outside the remit of the Project and the Bank, while others have been appropriately addressed.*** The concerns raised in the Request for Inspection are similar to those submitted to the Bank's Grievance Redress Service (GRS) in March 2024. Following that complaint, the Bank engaged intensively with the Requesters, including through a Bank mission to Long Isun in February 2025. As a result, some Project-related concerns, such as ambiguities in safeguards instruments, including the BSP and Indigenous Peoples Planning Framework (IPPF), raised in the Request were addressed. However, others predate or are unrelated to the Project or are not governed by Bank policy, and therefore cannot be addressed by the Project or the Bank.

ix. ***At the heart of the Request lies Long Isun's demand for legal recognition as an indigenous (*adat*, or customary law) group in Indonesia. Management appreciates the importance of this recognition for the Requesters but highlights that it follows an application process under Indonesian law, known as Masyarakat Hukum Adat (MHA) legal recognition, that is a sovereign matter for the Government of Indonesia, and not within the remit of the Bank or the Project.*** The Long Isun community's application for

[3] Also referred to as the *"Long Isun adat community"* in this document. *Adat* refers to customary law.

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legal MHA recognition dates back to 2018—before the ER Program and the Project. Management also highlights that the ER Program, through assistance provided by the Government, has supported the Requesters' application and not hindered it. The district government MHA verification committee recently announced that the MHA verification process was concluded positively for Long Isun. Thus, contrary to the allegations in the Request, the ER Program has not undermined Long Isun's ability to obtain legal MHA recognition. (see paragraphs 54–60)

x. ***Management notes that the Request alleges adverse impacts on the Long Isun* adat *community from activities that, according to information available to the Bank, are not attributable to the ER Program measures implemented in Long Isun.*** Management reviewed the relevant ER Program reporting documents and conducted a visit to Long Isun and found that the only ER Program measures reported to have been implemented within the community's territory were (i) the support for Long Isun's legal MHA recognition application, and (ii) the establishment of a community-led forest fire prevention group. This assistance was specifically requested and supported by the Long Isun community. There is no indication that the Program introduced or increased any restrictions on access to natural resources or on the use of traditional cultivation practices in Long Isun, nor any documentation of such in the Request.

xi. ***The Requesters' claims of exclusion from the Project do not appear to reflect the efforts made to include the Long Isun* adat *community in the operation, including access to financial benefits.*** Under the revised BSP, which incorporates feedback from the Requesters, the Long Isun *adat* community is now eligible for two types of allocations: a "performance" allocation, which they would receive through their village, and a "reward" allocation, which they would receive directly. Management notes that the Long Isun *adat* community chose to opt out of the ER Program in August 2024 and with that forewent BSP allocations. However, the community would be eligible for both allocations should it elect to opt back into the Program.

xii. Management responds below in more detail to the key allegations raised in the Request:

Delayed Legal MHA Recognition

xiii. ***The Long Isun* adat *community's efforts to obtain legal MHA recognition as an indigenous or customary community under Indonesian law (*adat*), long predate the Project.*** The community's efforts to delineate its customary territory date back to 1966, and its efforts to obtain legal MHA recognition began in 2018. A key factor delaying this recognition was an unresolved land boundary dispute with a neighboring indigenous community and a logging concessionaire between 2010 and 2014. The Project did not contribute to these challenges, which predate it.

xiv. ***The legal MHA recognition process is a multi-step, regionally led, and highly complex procedure under current laws and policies.*** Recognition confers legal status on a community as a distinct *adat* community and is a prerequisite for securing rights over land or forests claimed as traditional territory. The process is widely known to be lengthy, and constraints in local administrative capacity are a recognized contributor to delays. While

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the ER Program supported the process by addressing these capacity constraints, the final sovereign decision always remained with Indonesian government agencies, and the Project was never able to guarantee a specific outcome. Management also wishes to clarify that securing Long Isun's legal MHA recognition is not a condition for implementing ER Program measures or the BSP, nor is it required under Bank policy.

xv. ***The Request also alleges that the Project undermined or delayed the Government's granting of legal MHA recognition to Long Isun***. However, in November 2025, the Government publicly announced the completion of the verification process for Long Isun's legal MHA recognition, indicating that the technical assistance provided under the Project has supported the community in advancing the recognition process after years of little or no progress prior to the Project (see paragraphs 54–60 for more details).

Jurisdictional Carbon Accounting and Attribution

xvi. ***The Request asserts that, because Long Isun opted out of the ER Program, the territory it occupies should be excluded from carbon accounting under the ERPA.*** This assertion is incompatible with the jurisdictional accounting framework underpinning the Project design because ER are calculated against a provincial reference level using aggregated data. They are not attributable to individual communities, villages, or *adat* territories. It is therefore not possible to attribute or apportion ER to the area occupied by Long Isun. A decision by a community or a village to opt in or out of the Program only determines whether ER Program measures are implemented in its area and whether distribution of payments under the BSP will be made there; it has no bearing on the inclusion of that area in ER accounting.

xvii. ***The request to exclude Long Isun's claimed territory from the ER accounting area also appears to be based on the assumption that local communities or villages hold legal title to the ER, or that the generation and transfer of ER adversely affect land status or a community's legal claims to that land.*** Management understands, however, that the Government holds full and exclusive legal title to the ER generated and is entitled to transfer them. The generation and transfer of ER in accordance with the ERPA also did not result in any restrictions on the status or use of the land or resources claimed by the Long Isun *adat* community (see paragraphs 61–66 for more details).

Alleged Land Restrictions and Prohibition of Customary Land Uses

xviii. ***The ER Program does not impose any land-use restrictions or restrictions on access to natural resources on the Long Isun community, and the applicable forest laws predate the Project.*** The ER Program does not affect forest designation, use, access, or governance in Long Isun, nor has it issued or imposed any new regulations related to forest use restrictions or forest fire prevention in Long Isun. Hence, there is no indication supporting the alleged resulting livelihood impacts.

xix. ***The Request refers to alleged prohibitions on traditional forest burning and cultivation practices.*** Management notes that in Indonesia, clearing land by burning forest is prohibited under laws that predate the ER Program. In addition, these laws provide

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exemptions for communities practicing traditional land clearing, including controlled burning of limited areas for cultivation of local crops, provided that firebreaks are established to prevent the spread of fire. Accordingly, the land clearing practices by the Long Isun community described in the Request are permitted as set out in national legislation.

xx. ***Based on available information, there is no indication or evidence that forest law enforcement has increased in Long Isun as a result of the ER Program.*** The Request refers to a government poster warning against forest and land fires in Long Isun. Such campaigns are routine and have been conducted particularly since the widespread forest and land fires in Indonesia in 2015. The Government regularly intensifies public awareness efforts, especially during dry El Niño years, to promote fire prevention and community vigilance. These campaigns predate and are unrelated to the ER Program and do not constitute a restriction or prohibition on swidden agriculture or controlled burning practices in Long Isun. In Long Isun, routine forest patrols are carried out by the community itself, not by forest rangers from Forest Management Units. This is due to the limited capacity and availability of rangers. The Bank has no indication that ER Program support has resulted in additional or intensified patrolling in Long Isun beyond community-led activities (see paragraphs 67–75 for more details).

Alleged Exclusion from the BSP

xxi. ***While the Request alleges "structural discrimination in benefit sharing," the Long Isun* adat *community would be eligible for BSP funds should it choose to opt back in to the ER Program. Under the 2025 BSP, Long Isun and similar communities can receive monetary benefits through both a performance allocation and a reward allocation:***

- *Performance allocation.* This portion of BSP funds is allocated to villages. The village of Long Isun has been eligible for this allocation from the start, but in August 2024, the community chose to opt out of the ER Program, thus declining this allocation from the 2022 advance payment under the ERPA. The Requesters claim that these funds were transferred to them against their will, but Management has found no evidence of any such transfer.
- *Reward allocation.* This portion of BSP funds is allocated directly to *adat* and other community groups. The Long Isun *adat* community was not included in the first reward allocation from the 2022 advance payment because it was not a government-recognized group. However, the BSP was revised in 2025 to remove this barrier, following feedback from the community, including the Requesters. If the Long Isun *adat* community opts back into the Program, it will be eligible for both a reward allocation and performance allocation to be distributed as part of the Bank's final ERPA payment[4] to the Government made in December 2025 (see paragraphs 76–79 for more details).

[4] The Bank made payments for the ER generated in reporting period 1 (2019/2020) in two tranches: (i) an advance payment of US$20.9 million in November 2022; and (ii) a final ERPA payment in December 2025.

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Alleged "Forced Partnerships" with Government and Private Sector

xxii. ***The Request makes allegations of "forced partnerships" with the private sector.*** However, the BSP does not require the Long Isun community to engage with the private sector, nor does it assign private sector actors any powers or authority that would allow them to "oppress or criminalize" community members in Long Isun or elsewhere, as alleged. Private sector entities are not eligible to receive BSP funds under any version of the BSP, nor can they influence or restrict community benefits under it.

xxiii. ***The BSP also does not force or impose any new government partnerships.*** BSP transfers to village governments are intended to support local development via established participatory planning processes. Non-monetary support is provided through Government programs that benefit communities and are implemented at their request, including programs such as social forestry. The fact that funds are delivered through local government channels does not constitute a "forced partnership" with the government (see paragraphs 80–83 for more details).

Alleged Instances of Violence

xxiv. ***Management acknowledges the seriousness of the longstanding land conflict involving the Long Isun* adat *community, including allegations of past criminalization and intimidation.*** Management notes that the events cited in the Request exclusively relate to territorial claims going back to 1966, a historical territorial dispute with a neighboring *adat* community, overlapping concession claims, boundary delineations, and the arrest and prosecution of a community member that occurred between 2011 and 2014—several years before the Project. These challenges and incidents were not linked to activities financed or implemented under, nor were they exacerbated by the ER Program. Management does not believe that the ER Program measures had any impact on these disputes (see paragraphs 84–87 for more details).

Alleged Instances of Reprisals

xxv. ***The Bank promptly and consistently responded to the Long Isun community's concerns regarding reprisals.*** This included raising such concerns directly with the Government and emphasizing the need to protect complainants, victims, and witnesses from any form of threat, intimidation, or retaliation. Management affirms that complainants must be protected, consistent with the Bank's Commitments Against Reprisals. In line with this commitment, Management engaged relevant authorities and escalated concerns from the provincial to the national government level (see paragraphs 88–92 for more details).

xxvi. ***The Requesters alleged that local authorities had threatened to withhold village development funds unless Long Isun participated in consultations.*** Although no written evidence of these threats was provided, the Bank responded immediately to the verbal report when it was made, via written and verbal communications to the relevant government authorities, emphasizing the absolute necessity of protecting complainants, victims, and witnesses from any form of threat, intimidation, or reprisal. The Requesters – in a letter to the Bank – subsequently recognized and commended the Bank for *"taking*

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proactive steps," noting that *"these communications represent an important step in addressing the serious allegations of intimidation and retaliation."*

xxvii. ***Management further notes that no additional incidents of reprisals or intimidation were reported.*** During the Bank's visit to the Long Isun *adat* community in February 2025, community members confirmed to the Bank that they had not experienced any further retaliatory or intimidatory acts since the Government confirmed the community's opt-out decision in October 2024.

Consultations

xxviii. ***The Government conducted consultations with affected Indigenous Peoples in compliance with OP 4.01 and OP 4.10. Management notes that initial consultations were affected by the COVID-19 travel and meeting restrictions, which were beyond the Bank's or Government's control.*** Engagement took place at the national, provincial, district, and community levels, with participation from Indigenous Peoples' representatives and other community stakeholders throughout Program development and implementation. Management acknowledges that early engagement did not sufficiently explain participation options, opt-out procedures, or grievance mechanisms. These gaps were addressed by strengthening outreach and participation, including training field facilitators fluent in local languages. Consultations for the BSP advance payment (2024–2025) reached 441 villages and 150 community group beneficiaries. Additional consultations to revise the BSP and Indigenous Peoples Plan (IPP) were conducted from July to September 2025, engaging over 1,000 participants from all seven districts, including Indigenous Peoples/Local Community organizations.

xxix. ***The Long Isun community was consulted on ER Program measures that affected them, until they requested that they not be contacted anymore in connection with the ER Program.*** The only ER Program measures reported by the Government to have been implemented in Long Isun were the technical assistance supporting legal MHA recognition provided by the Community Empowerment and Village Government Agency (DPMPD) and support for the creation of a community forest fire prevention group (*Masyarakat Peduli Api,* or MPA), both at the community's request. The Long Isun *adat* community was then invited to and participated in several consultation meetings related to the ER Program and BSP. Once Long Isun decided not to participate or be further contacted by the Government, this request was respected. The Requester's representative, *Perkumpulan Nurani Perempuan* (PNP), participated in consultations related to the IPP and BSP revisions, and its feedback was considered in the revision of these documents.

xxx. ***The Request also alleges that Long Isun felt "coerced" into consenting during an August 2024 meeting with the local government.*** This perception may have resulted from combining discussion of the MHA process with a presentation on the FCPF. Management wishes to clarify that the attendance sheet was never used or presented by the Government as evidence of consent. Indeed, the community's request to opt out of the ER Program was acknowledged and respected (see paragraphs 93–103 for more details).

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Conclusion

xxxi. ***Management acknowledges some gaps in the follow-up on timing and sequencing of the Government's ESMS reporting during 2021–2024. In addition, there were delays and shortcomings with regard to the initial consultations caused by the COVID-19 restrictions on travel and gatherings. However, these issues were identified and corrected during implementation. Moreover, they have little or no impact on the issues raised by the Long Isun*** **adat** ***community and did not result in any harm arising from non-compliance with Bank policy.***

xxxii. ***Management concludes that the Bank has correctly applied its policies and procedures in relation to the matters raised in the Request. Accordingly, in Management's view the Requesters' rights or interests have not been, and will not be, directly or adversely affected by any alleged failure of the Bank to implement its policies and procedures.***

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I. INTRODUCTION

1. On December 23, 2025, the Inspection Panel registered a Request for Inspection, IPN Request RQ25/07 (hereafter referred to as "the Request"), concerning the Indonesia: East Kalimantan Project for Emission Reductions Results (P166244) financed by the Forest Carbon Partnership Facility Carbon Fund (FCPF-CF), administered by the World Bank (the "Bank").

2. ***Structure of the Text.*** The document contains the following sections: Section II presents the Request; Section III provides Project background; Section IV discusses the safeguards approach to the Project, and Section V contains Management's response. Annex 1 presents the Requesters' claims, together with Management's detailed responses, in table format. Other annexes include a summary of 2025 public consultation on the Benefit Sharing Plan revision and Indigenous Peoples Plan development, the notification of the Mahakam Ulu District government on the completion of the customary law community (*Masyarakat Hukum Adat,* MHA) verification (including English translation), and a summary overview on the MHA recognition process.

II. THE REQUEST

3. The Request for Inspection was submitted by members of the Dayak Bahau customary community of Long Isun in East Kalimantan, Indonesia (hereafter referred to as the "Requesters").[1] The Requesters have designated *Perkumpulan Nurani Perempuan* (PNP), a local civil society organization (CSO) based in East Kalimantan, as their representatives in the Panel process.[2]

4. The following annexes to the Request have been received by Management, except for Annex 7, which was withheld:

- Annex 1: Representation Authority
- Annex 2: Appointment of Advisors
- Annex 3: Long lsun's Letter to World Bank on the Sham FPIC
- Annex 4: Long Isun's 1966 Lands Mapping
- Annex 5: Agreement between Long lsun, and on disputed forest

[1] ***Long Isun*** or the ***Long Isun adat community***, as used in this document, refers to the ***Dayak Bahau customary community of Long Isun***. The administrative village unit recognized under Indonesian law is referred to as ***Long Isun village (desa)***.

[2] The Request also seeks to appoint two international CSOs as "advisors." Yet the description of their assigned role is identical to the description of the role the Requesters assign to their representative. See Request, Annexes 1-2. The appointment of international CSOs as representatives would require Board approval on an exceptional basis, based on the absence of available local representation. See AM Resolution, paragraph 13. That option is not necessary or available in this case, since the Requesters have appointed a local representative. Accordingly, Management understands that these two international CSOs will not be treated as representatives and will therefore not have the authority to communicate or make decisions on behalf of the Requesters in the Accountability Mechanism process.

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- Annex 6: Prohibition on Land Burning
- Annex 7: Threats of Village Fund Cut-off
- Annex 8: Support Letter from Long Isun Community in filing a Complaint to Inspection Panel
- Annex 9: Forest People Programme's Inputs for ER Project IPP and BSP
- Annex 10: Contact details (Confidential).

No further materials were received by Management in support of the Request.

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III. BACKGROUND ON THE ER PROGRAM AND THE PROJECT

5. ***The East Kalimantan Project for Emission Reductions Results (the Project) aimed to provide payment from the FCPF-CF for verified emission reductions (ER) from Reduced Deforestation and Forest Degradation (REDD+) across the province of East Kalimantan in Indonesia.*** The Project served as a financing vehicle for the ER generated under the East Kalimantan Jurisdictional Emission Reductions Program ("ER Program"), which is financed and implemented by the Government of Indonesia and described in an Emission Reduction Program Document (ERPD). The Project focused on providing results-based payments for achieved ER rather than on financing the ER Program activities themselves. In the jurisdictional REDD+ approach, ER are measured against a historic reference level. This reference level is an agreed aggregate average of past deforestation and associated CO_2 equivalent emissions across a large territory, such as a country or province, representing what would have occurred in the absence of the ER Program.

6. ***The FCPF provided the funding to pay for the ER generated.*** The FCPF is a global partnership launched in 2008 to support developing countries in implementing REDD+ activities. The FCPF mobilized over US$1.3 billion from 17 donors[3] to support this global partnership, which is implemented through two multi-donor trust funds for which the Bank acts as a Trustee and fund manager: (i) the *Readiness Fund* (now closed), and *(ii)* the *Carbon Fund* (operational through 2028), which provided the payments for the ER achieved by the East Kalimantan ER Program.

7. ***ER programs are designed and implemented by governments.*** The Bank conducts the necessary due diligence of country reports, including the commissioning of independent verification of ER and review of country environmental and social (E&S) systems. To inform the independent verification of ER, countries submit an Emission Reductions Monitoring Report (ERMR) to the FCPF-CF to demonstrate and claim verified ER from ER Program measures over a specific reporting period.[4] The Bank, however, does not have a specific operation financing the underlying ER Program measures set out in a government's ER program. On behalf of the FCPF, the Bank only makes results-based payments for achieved and verified ER.

Government Jurisdictional Programs for Emission Reductions under the FCPF

8. ***Government jurisdictional ER programs are climate mitigation initiatives that generate ER across a large-scale, administratively defined jurisdiction (e.g., province, state, or nation).*** Government ER Program measures are financed by the respective governments or by other entities, including in some cases by the Bank, but then through an operation separate from the FCPF payment for the ER. In the case of this Project, no parallel Bank operation is providing financing for the Government ER Program measures. The results-based payment for a government's ER program is approved by the FCPF Carbon Fund Participants Committee,[5] which

[3] Australia, Canada, Denmark, European Commission, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Switzerland, United Kingdom, United States, The Nature Conservancy, and BP Technology Ventures.
[4] A reporting period is the specific, contractually defined time frame during which emissions reductions are measured and reported in an ERMR for verification and potential results-based payments under the ERPA.
[5] The FCPF Carbon Fund Participants Committee is made up of an equal number of forest (REDD+) countries (14) and financial contributors (14), and is also comprised of observers representing Indigenous Peoples, civil society,

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authorizes the Bank to make the results-based payments for the verified ER in accordance with a legal agreement called an Emission Reduction Payment Agreement (ERPA). The ER program is developed in accordance with the FCPF Methodological Framework and implemented by the government in accordance with the ERPA, related General Conditions, World Bank safeguard policies, and the FCPF Methodological Framework.[6]

9. ***FCPF ER programs must have a Benefit Sharing Plan (BSP) that defines how results-based payments are allocated to beneficiaries, such as Indigenous Peoples and local communities (IPLCs), forest managers, and agencies.*** The FCPF-CF makes results-based payments for ER generated from reduced deforestation and forest conservation. The payments are distributed with transparency through an agreed BSP that includes an integrated grievance mechanism. It is important to note that ER are accounted for at the jurisdictional level and are therefore not directly attributed to individual actions or interventions; accordingly, not all activities that may contribute to ER are ER Program measures. Governments develop their BSP in consultation with stakeholders and make them publicly available through disclosure on their websites.

Indonesia's East Kalimantan - Jurisdictional Emissions Reduction Program (ER Program)

10. ***The ER Program is implemented at the scale of East Kalimantan Province, covering approximately 12.7 million hectares (ha) of land and forest across seven districts (Berau, Kutai Kartanegara, Kutai Timur, Kutai Barat, Mahakam Ulu, Paser, and Penajam Paser Utara) and three cities (Samarinda, Balikpapan, and Bontang).*** The ERPD forms the basis for the ERPA between the Republic of Indonesia, represented by the Ministry of Environment and Forestry (MoEF)[7] (the "Government") and the Bank as Trustee of the FCPF. The ER Program aims to reduce emissions from deforestation and forest degradation while supporting improved land governance, sustainable development, and livelihoods for IPLCs, and is embedded within Indonesia's national REDD+ framework and climate commitments.

11. Implementation of the ER Program is carried out through existing national, provincial, and district government entities reporting to the Ministry of Environment (MoE) and Ministry of Forestry (MoFor). At the ***central government level,*** MoFor and MoE are the responsible entities. At the ***provincial level*****,** overall coordination is led by the Provincial Secretary of East Kalimantan, with a dedicated Program Management Unit (PMU) to manage day-to-day coordination, reporting, E&S risk management, supported by the Regional Development Planning Agency (Bappeda).

international organizations, the UN-REDD Programme, the UNFCCC Secretariat, and the private sector. The Committee, which meets twice a year, is the main decision-making body of the FCPF. It reviews country submissions, decides on grant resource allocation, and approves budgets, among others. The eight sovereign contributors are: Australia, Canada, European Commission, Germany, Norway, Switzerland, United Kingdom, United States. https://www.forestcarbonpartnership.org/participants

[6] The FCPF Methodological Framework lays out the detailed criteria and indicators used to assess whether a country's REDD+ program is eligible for results-based payments from the FCPF Carbon Fund.

[7] Following an institutional reorganization in Indonesia in 2024, ERPA responsibilities were split between the Ministry of Forestry (MoFor), which is the technical lead on forest governance, management and REDD+, and the Ministry of Environment (MoE), which is responsible for carbon transactions and results-based payments under the ERPA.

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Sectoral implementation is carried out by seven provincial agencies[8] with corresponding offices at district and municipal levels. Technical safeguards coordination is handled by a Safeguards Working Group.[9]

12. ***A Grievance Redress Mechanism (GRM) is in place for the ER Program.*** The GRM builds on and coordinates existing grievance channels. The two main channels are Indonesia's integrated public complaints platform (SP4N LAPOR), and the grievance mechanisms of implementing agencies at provincial, district, or municipal levels. These mechanisms are linked to the ER Program institutional structure, enabling complaints to be recorded, referred to the responsible authorities, and tracked through to resolution.

13. ***The ER Program is structured around four main components that directly address the underlying drivers of deforestation and degradation.*** Components 1 and 2 focus on governance and institutional strengthening, including reforms to forest and land licensing, acceleration of customary (in Indonesian, *adat)*[10] land recognition, conflict resolution, and strengthening Forest Management Units (FMUs) and local government capacity. Component 3 targets private sector practices in forestry and fire-prone landscapes, by promoting sustainable management, protection of High Conservation Value (HCV) Forests, and improved fire prevention and monitoring. Component 4 focuses on communities and livelihoods, supporting social forestry, alternative income opportunities, and village-level development to reduce pressure on forests from encroachment and small-scale agriculture.

14. ***The ERPD describes the technical and organizational aspects of the ER Program and the ER Program measures***. The ER Program measures are the Government's policies, measures, and activities to reduce deforestation and/or forest degradation and enhance and conserve carbon stocks that directly address the key drivers of deforestation and/or forest degradation. In the context of the East Kalimantan ER Program, this includes ER Program measures that are voluntary and demand driven, where communities, groups, or other actors choose whether to participate by requesting Government support (e.g., legal MHA recognition, social forestry, dispute settlement); and activities that involve the implementation of existing laws and regulations (e.g., participatory village planning, designation of HCV forests in concession areas, fire prevention and management).

15. ***The ER Program is a programmatic framework of ER Program measures intended to address deforestation and to achieve the ER outcomes agreed in the ERPA***. The ERPA provides for results-based payments for monitored, reported, verified, and transferred ER generated through the ER Program measures implemented by the Government. The extent to which the ER Program

[8] Provincial Forestry Agency (*Dinas Kehutanan/Dishut*), Environmental Agency (*Dinas Lingkungan Hidup*/DLH), Plantation Agency (*Dinas Perkebunan/Disbun*), Community Empowerment and Village Government Agency (*Dinas Pemberdayaan Masyarakat dan Desa*/DPMPD), Marine and Fisheries Agency (*Dinas Kelautan dan Perikanan*/DKP), and the Energy and Mineral Resources Agency (*Dinas Energi dan Sumber Daya Mineral*/DESDM), Forest Management Units (FMUs or *Kesatuan Pengelolaan Hutan*, KPH).

[9] The Safeguards Working Group is comprised of representatives from regional government agencies, nongovernmental organizations, academics, technical experts, and private sector actors collaborating on social, environmental, and forestry related safeguards issues.

[10] *Adat* refers to the customary laws, traditions, and social practices of indigenous or local communities in Indonesia, governing aspects such as land use, resource management, dispute resolution, and cultural rituals. These customary norms are recognized under Indonesian law, particularly in relation to indigenous community rights.

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measures are implemented depends on budgetary availability, and selections made by communities and government agencies. The ER Program measures that are implemented during the Project timeframe need to be compliant with World Bank safeguards. (Please refer to Section IV for a detailed explanation of safeguard responsibilities.)

16. ***In accordance with the systems approach to E&S risk management and BSP implementation (see paragraphs 31-33 below), the Government reported to the Bank on ER Program and BSP implementation through three types of reports listed below:***

- Environmental and Social Due Diligence (ESDD) Report, covering the ERPA reporting period 2019/2020. This report also assessed the adequacy of the Government's existing system in managing E&S risks under the ER Program implemented prior to the ERPA signing as part of the qualifying process for retroactive payment;

- ERMR, Annex 1 on safeguards, covering the reporting period 2019/2020; and

- E&S Management Report, covering the ERPA reporting periods 2021/2022 and 2023/2024.

These reports covered the three applicable reporting periods.[11] In addition, the Bank was kept abreast of ER Program measures implementation through meetings with the responsible central, provincial, and district government agencies.

17. ***During the ERPA reporting periods, ER Program implementation focused on ER Program measures aligned with existing government programs and available resources.*** The reported ER Program measures were: (i) support for the legal recognition of MHA and conflict resolution; (ii) preparation of village spatial planning documents; (iii) the Climate Village Program (*Program Kampung Iklim*); (iv) establishment of Farmer Fire Prevention Groups (*Kelompok Tani Peduli Api*); (v) establishment of Community Forest Fire Prevention Groups (*Masyarakat Peduli Api, MPA*); (vi) formation of Community Partners of Forest Rangers (*Masyarakat Mitra Polisi Hutan*); (vii) issuance of Social Forestry licenses; (viii) technical assistance and support for Social Forestry Enterprises (*Kelompok Usaha Perhutanan Sosial)*; (ix) technical support for certification under the Indonesia Sustainable Palm Oil (ISPO) scheme; and (x) mapping of HCV forest areas.

18. ***Depending on the nature of these ER Program measures, communities could choose to opt out of them.*** Support for legal MHA recognition (i), issuance of Social Forestry licenses (vii), technical assistance for Social Forestry Enterprises (viii), and technical support for ISPO applications (ix) were demand-driven activities, meaning that these measures were provided only in response to requests from communities. Participation in the Climate Village Program (iii) was also not mandatory, as communities could choose not to take part in the participatory processes. Finally, participatory preparation of village spatial planning documents (ii), Farmer Fire Prevention Groups (iv), Community Forest Fire Prevention Groups (v), and Community Partners of Forest Rangers (vi) were voluntary activities, and communities could choose to opt out of them.

19. ***In Long Isun, only two of the ER Program measures were implemented, both at the community's request:*** (i) the provision of technical assistance by the local government to support

[11] The three reporting periods for the EK ER Program ERPA were June 2019-December 2021, January 2021-December 2022, January 2023-December 2024.

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Long Isun's legal MHA recognition claim; and (ii) the establishment of an MPA. Both sets of activities are voluntary in nature and were specifically requested and supported by the Long Isun community.

20. ***In addition to ER Program measures, the ERPD also set out the technical and operational arrangements required for results-based payments.*** This included a provincial reference emission level, a detailed Measurement, Reporting, and Verification system aligned with the national forest monitoring system, arrangements to manage reversal and displacement risks, and a framework for benefit-sharing designed to channel results-based payments to government entities, communities, and other eligible beneficiaries. The ERPD also described an E&S safeguards framework,[12] including Strategic Environmental and Social Assessment (SESA), Environmental and Social Management Framework (ESMF), Indigenous Peoples Planning Framework (IPPF), Indigenous Peoples Plan (IPP), and a grievance mechanism, ensuring that the ER Program measures were aligned with the applicable World Bank safeguard policies. The ESMF included as annexes safeguard instruments required by the various safeguard policies that were triggered for the Project.

21. ***Benefit Sharing Plan.*** The Government developed the required BSP, which was disclosed in October 2021,[13] and was the basis for distribution of an advance payment that was made in 2022. Funds were paid to the Indonesian Environmental Fund (IEF) which—on behalf of the Government—distributed funds to eligible beneficiaries in accordance with the BSP. The FCPF Methodological Framework requires a transparent and participatory BSP design process but leaves benefit-sharing mechanisms to be shaped by the national context, resulting in a government-led, multi-stakeholder BSP that balances recognizing ER performance for supporting long-term forest protection, including in low deforestation areas.

22. The Project's 2021 BSP and its 2025 revision (explained below in paragraphs 76–79) allocated funds in the following three categories: responsibility, performance, and reward (Figure 1, below).

- The ***responsibility*** category (25 percent of total funds), was designated for transfer to national and subnational government agencies for complementary financing of ER Program measures, and operational costs of ER Program and BSP implementation.

- The ***performance*** category (65 percent of total funds), was designated for (i) government agencies that had contributed to achieving results; *and* (ii) local communities residing in these same areas. The use of funds by government agencies was limited to ER Program measures envisaged to strengthen conditions for sustainable forest management ("non-monetary benefits"). Funds for local communities under this category were allocated to

[12] The FCPF ERPA General Conditions define "Safeguards Plans" as *"…as applicable, the Environmental Management Plan, the Resettlement Plan, the Indigenous Peoples Plan and any other environmental or social related plan or document required under the World Bank Operational Policies and describing measures to be implemented by the Program Entity during the implementation and operation of the ER Program and the ER Program measure(s) to eliminate, offset or reduce any adverse environmental and social impacts of the ER Program and ER Program measure(s), in accordance with World Bank requirements."* Note: The Government of Indonesia is the Program Entity and is referred to as "the Government" in this document.

[13] https://documents.worldbank.org/en/publication/documents-reports/documentdetail/606071637039648180/

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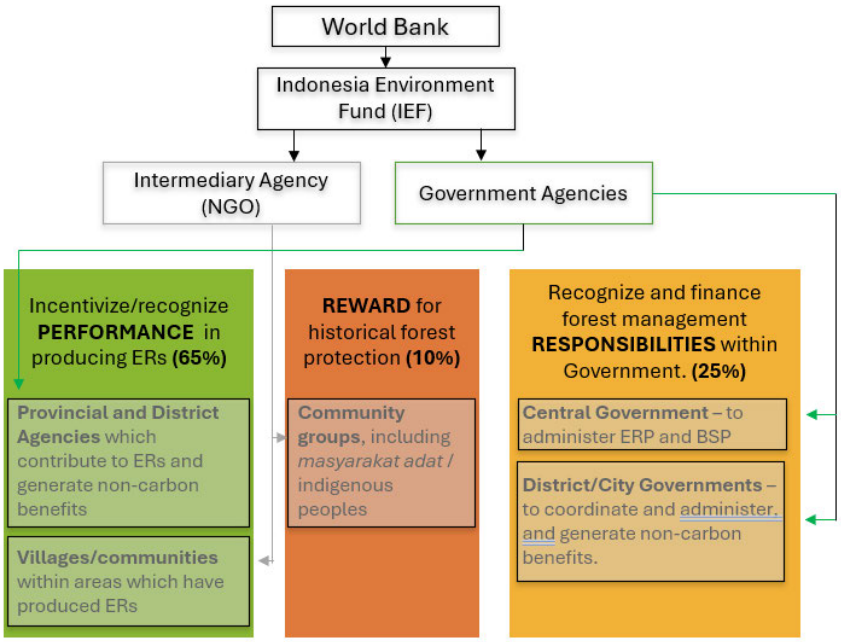
villages (*desa*, in the Indonesian administrative system), via nongovernmental organizations (NGOs) as intermediary agencies. Following the transfer of the advance payment in 2022, the East Kalimantan Provincial Governor identified 441 villages eligible for a performance allocation ranging from US$6,000 to US$23,000 each, depending on the district, under this tranche of the payment.

- The ***reward*** category (10 percent of total funds) was designated for community groups, especially *adat* communities, who have "*managed forested area and had net-zero or low deforestation rates in the past*" and which are recognized by a government agency.[14] This allocation recognized and rewarded the historical protection of standing forest, which would not substantially have contributed to earning ER because of the low baseline of deforestation risk. Funds under this allocation are transferred to community groups—such as *adat* communities, women's groups, farmers groups and social forestry groups—via an implementation agency. Following transfer of the advance payment in 2022, the Provincial Governor identified 150 community groups eligible for reward allocations, ranging from US$3,000 to US$15,000 each.

Figure 1. Summary of Benefit Sharing Plan



23. Following transfer of the advance payment, the Government encountered challenges in BSP implementation, which included the following:

- *Adat communities not formally recognized by the Government of Indonesia were not eligible to receive funds under the reward allocation.*

[14] See 2021 BSP, pages 12 and 26; IPPF, page 40; ESMF, page 43.

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- *Delays in distribution of payments to communities.* Significant delays occurred in establishing subcontracting and funds flow arrangements, for the performance and reward allocations. As a result, the advance payment distribution only occurred in 2024.

- *Complexity of procedural and eligibility requirements, especially for more remote communities.* Registration, workplan, and alignment requirements for performance and reward allocations proved overly complex and burdensome for communities.

- *Lack of clarity on alignment with budget processes.* Alignment with Indonesia's stringent budgeting and funds utilization rules contributed to the delays and challenges regarding eligibility for payments under the BSP.

24. ***To overcome the identified access barriers, the Bank required the Government to revise the BSP in 2025 to address these shortcomings before further payments would be made.*** A revised draft BSP was publicly disclosed and benefited from extensive public consultations between July and September 2025, involving more than 1,000 participants from all seven districts and supported by *adat* representatives, academics, and civil society leaders. The final BSP, revised to reflect consultation feedback, was disclosed in October 2025. After no further comments were received, the Bank issued its no-objection to the revised BSP in November 2025. The revised 2025 BSP sets out the benefit distribution process from that date forward, thus for the distribution of the funds from the Bank's final ERPA payment to the Government, which took place on December 15, 2025. Management expects that implementation of the revised BSP will address shortcomings identified in the 2021 version, including by enabling fair and equitable access to funds for communities—such as Long Isun (if they choose to opt in) and other *adat* groups that are not legally recognized by the Government—that did not receive grants or transfers under the advance payment.

East Kalimantan Project for Emission Reductions Results (The Project)

25. ***The Bank-supported East Kalimantan Project for Emission Reductions Results (the Project) aims to provide payment from the FCPF-CF for the verified ER from REDD+ activities across the province of East Kalimantan in Indonesia.*** The Project serves as a financing vehicle for the ER generated under the ER Program. The Project focused on providing results-based payments for achieved ER rather than on financing the ER Program activities themselves.

26. Following technical assessment of the ERPD by the FCPF, the FCPF Carbon Fund Participants Committee approved the ERPD and the inclusion of Indonesia's ER Program in the FCPF's portfolio on June 18, 2019. It authorized the Bank, acting as Trustee of the FCPF, to proceed with preparation of the Project and to sign two[15] ERPA with the Republic of Indonesia to make payments against verified ER in accordance with the ERPA terms. The ERPA between the Government and the International Bank for Reconstruction and Development acting as Trustee of the FCPF-CF were signed on November 25, 2020. The ERPA became effective on November 17,

[15] Two ERPA were signed for this operation on November 25, 2020 – one for Tranche A of the Carbon Fund, and one for Tranche B of the Carbon Fund. Both are referred to when the ERPA is referenced in the context of this operation and the Request.

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2021, after the Bank confirmed the completion of four conditions of sale and purchase by the Government.[16] Under the ERPA, the Parties agreed to the payment for verified ER amounting to 22 million tons of CO_2 equivalent ($mtCO_2e$), over three reporting periods between June 2019 and December 2024,[17] valued at US$110 million. The payment for and transfer of ER was completed by the ERPA closing date of December 31, 2025.

27. ***Project Objective.*** The Project Development Objective was to incentivize reduced deforestation and forest degradation in East Kalimantan in Indonesia, through payment of verified ER, and to ensure that paid amounts were distributed according to the agreed BSP. Given that the objective of the Project was to provide results-based payments, the legal agreements (the ERPA) did not outline specific investments or Project activities, but rather the process that tracked the Project Development Objective and included:

- Verification and payment for measured and reported ER—indicated by ER measured and reported by the Government, verified by a third party, and transferred to the FCPF Carbon Fund, with a target of 22 $mtCO_2$; and

- Distribution of the ER payments according to the BSP—indicated by the payment by the FCPF Carbon Fund for ER generated by the ER Program with a target value of US$110 million.

28. ***Verification and payment for measured and reported ER.*** The agreed ERPA volume of 22 million tons of ER was planned to be achieved within three reporting periods, but was achieved in the first reporting period, covering June 18, 2019, to December 31, 2020. This was independently verified by a third-party auditor, AENOR, an accredited Validation and Verification Body, engaged by the Bank, in accordance with the FCPF Validation and Verification Guidelines. The scope of the verification covered aspects of Program design, carbon accounting, and avoidance or management of double counting. It began in August 2022 and concluded in November 2025, verifying a total of 26,248,238 ER, exceeding the total contract value of US$110 million.

29. On September 26, 2022, the Bank received a request from the Government for an ER advance payment[18] of US$20.9 million to support operationalization of the BSP. On October 6, 2022, the FCPF Carbon Fund Participants Committee approved the request, subject to Bank confirmation of safeguards compliance. The Bank cleared the relevant safeguards information on October 18, 2022, and disbursed the ER advance payment in November 2022.

30. The transfer of the remaining ER and final ERPA payment of the remaining balance of US$ 89.1 million was made in December 2025 upon completion of the third-party ER verification,

[16] The conditions, specified in Schedule 1 to the ERPA, were: (a) submission of a final benefit sharing plan; (b) submission of a letter committing to use the reversal management mechanism of the FCPF; (c) submission of evidence to demonstrate the ability of the Government to transfer ER title; and (d) submission of evidence, in form and substance satisfactory to the Trustee, demonstrating that the ER Program measures that generated the ER during the period from June 18, 2019, until the date of the ERPA were implemented in a manner consistent with the Safeguards Plans (i.e., the safeguards instruments prepared for the ER Program).

[17] Schedule 2 (page 13 of the ERPA): – reporting period 1 covers June 2019–December 2020; reporting period 2 covers January 2021–December 2022; and reporting period 3 covers January 2023–December 2024.

[18] The Bank made payments for the ER generated in reporting period 1 (2019/2020) in two tranches, i) an advance payment of US$20.9 million in November 2022, and ii) a final ERPA payment in December 2025.

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the Bank's confirmation of the ability of the Government to transfer title to ER to the Bank,[19] and the Bank's clearance of evidence received from the Government demonstrating that its Environmental and Social Management System (ESMS) (see paragraphs 31-33) was functional and adequately identifying and managing safeguards risks[20] that arose from the ER Program measures and BSP.

Table 1. FCPF Support for the ER Program

East Kalimantan Jurisdictional Emissions Reduction Program	• April 2018: First submission of the ERPD by the Government to the World Bank • February 2019: ERPD Disclosure • 2019: Beginning of implementation of ER Program measures • 2021: BSP finalized
East Kalimantan Project for Emission Reductions Results	• February 2020: Project appraisal • June 2020: ERPA negotiations • November 2020: Project approval, Project Appraisal Document disclosure, ERPA signing • November 2021: Project effectiveness
Safeguards Instruments and Reporting	• 2017–2019: Preparation of SESA and disclosure; Preparation, finalization, and disclosure of final version of ESMF and annexes, including: GRM; IPPF; Resettlement Planning Framework (RPF) and Process Framework (PF); Physical Cultural Resources–Chance Find Procedure • 2020–2021: Preparation of ESDD on ER generated in reporting period 2019–2020, which was approved in November 2021 • 2022: Submission of ERMR, incl. Annex 1 (safeguards) • 2024: Preparation of IPP • 2024: Submission of E&S Management Report (2021-2024) • 2025: Finalization, i.e., incorporation of inputs from consultations and disclosure of final version of IPP
Consultations	• 2013–2016: SESA consultations • 2016–2019: ESMF consultations • 2019–2024: ER Program measures consultations • 2024–2025: BSP consultations • July-September 2025: BSP revision and IPP consultations
ER Verification	• August 23, 2022: Start of verification • October 30, 2025: Verification report issued • November 30, 2025: Verification report published
ER Payment	• November 4, 2022: advance payment - US$20.9 million • December 19, 2025: final ERPA payment - US$89.1 million[21]
Closing date	• December 31, 2025

[19] Title to ER means the full legal and beneficial title and exclusive right to ER transferred and paid for under the ERPA. The FCPF Methodological Framework and ERPA require the Program Entity (in this case, the Government) to demonstrate its ability to transfer title to ER before ERPA signature or, at the latest, before any ER are transferred to the Carbon Fund.

[20] Based on third party monitoring assessment of the ER Program and BSP implementation, the Bank identified gaps in the Government's system and agreed with it on measures to address them.

[21] The ERPA uses the term "Periodic Payments" to refer to regular payments for ER. This was the first and final Periodic Payment under the ERPA.

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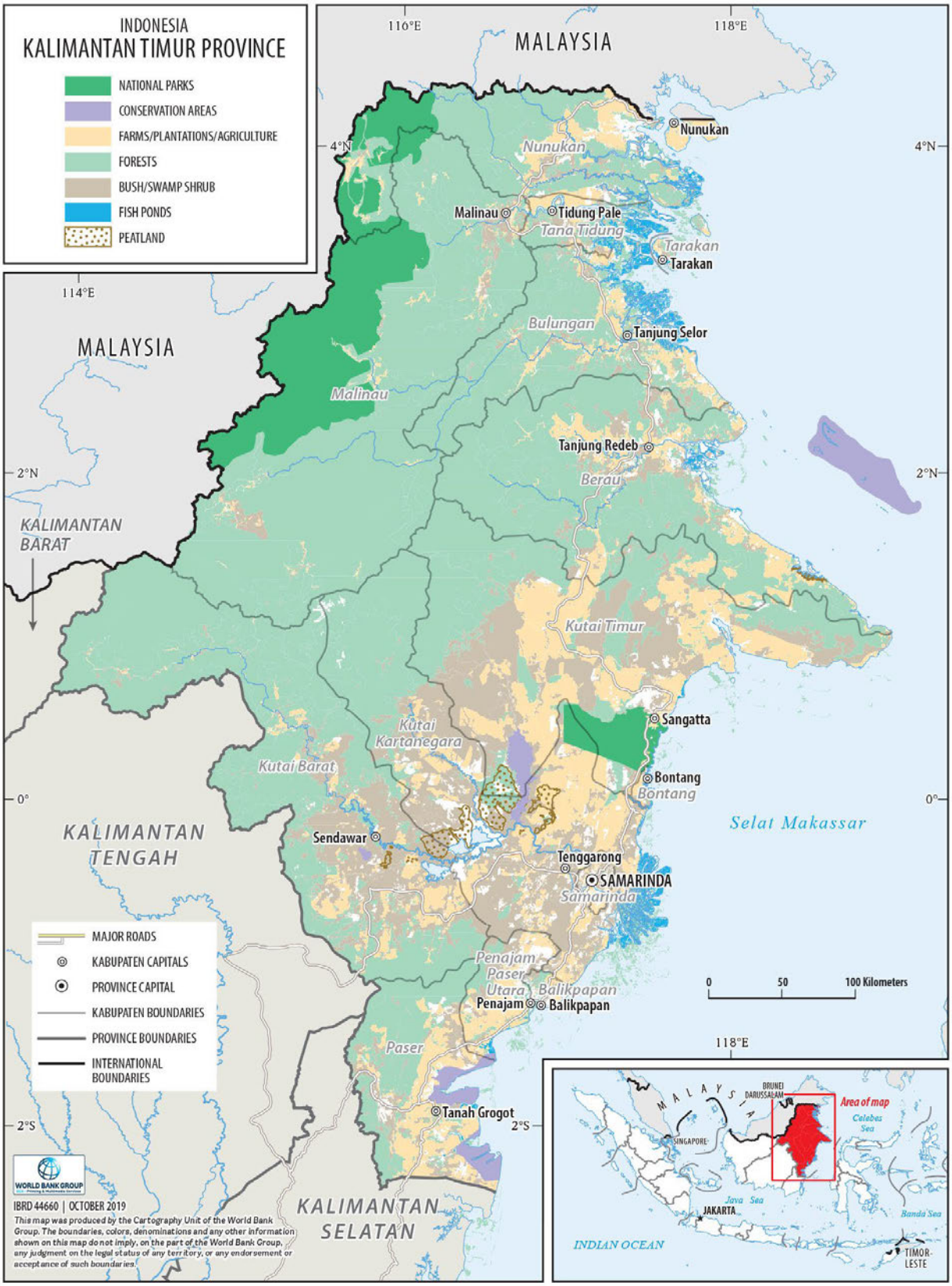

Map 1. IBRD No. 44660: Land type based on its function in East Kalimantan

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IV. SAFEGUARDS APPROACH TO THE PROJECT

Applicable Bank Policy Framework

31. ***The Bank Directive on Managing Environmental and Social Risks and Impacts for the Emission Reductions Programs under the Forest Carbon Partnership Facility and the BioCarbon Fund Initiative for Sustainable Forest Landscapes (the Directive)***,[22] and the legal agreement (the ERPA) between the Bank and the Government for the particular operation, together set out the respective obligations of the Bank and the Government to comply with the Bank's E&S policies with regard to: (i) the implementation of ER Program measures; and (ii) the plan according to which the financial benefits generated from ER are distributed to government entities and others, including local communities (the BSP).

32. As explained below, ***the Bank applies a systems approach to supervise the management of E&S risks.*** This approach is commensurate with the jurisdictional nature of ER Programs, under which results-based payments are made for verified ER generated through a wide range of government-financed investments, activities, and policy actions at the national and subnational levels.

33. ***Under this arrangement, the Project focused on providing results-based payments for achieved ER rather than on financing the ER Program activities themselves***. Its role, as the FCPF Trustee, is to make payments for verified ER to the Government entity in charge of the ER Program. E&S risks are managed through the Government's ESMS, complemented by project-specific instruments. This systems approach—which is akin to the Bank's approach for financial intermediary operations under OP 4.01—does not involve Bank supervision of the individual activities under the ER Program. Rather, the Bank monitors E&S performance at an aggregated systems level, based on confirmation of the ability of the Government ESMS to manage the E&S risks and impacts of those individual activities.

34. During the Project preparation phase, the Directive requires that ER Program measures and benefit-sharing arrangements (BSP) be defined, and that E&S risks and impacts be identified and assessed through a SESA prepared by the Government. The Bank assesses the Government's ESMS against the Bank's E&S policies, and any identified gaps must be addressed through measures incorporated into relevant E&S framework instruments (e.g., the ESMF and the IPPF).

35. During the implementation phase, the Directive requires the Bank to monitor and support the Government's implementation of its ESMS, safeguard instruments, and BSP. Bank supervision focuses on periodic reviews of system-level performance and self-reporting. The Bank does not review or clear individual E&S assessments or plans, nor does it provide implementation support for individual ER Program measures or BSP activities. Rather, it conducts implementation support missions and reviews of the Government's ERMRs, which are submitted at the end of each reporting period, and regular E&S Management Reports after each reporting period. The Directive also requires third-party monitoring (TPM) of the implementation of the ESMS, BSP, and

[22] Bank Directive, Managing Environmental and Social Risks and Impacts for the Emission Reductions Programs under the Forest Carbon Partnership Facility and the BioCarbon Fund Initiative for Sustainable Forest Landscapes, OPS5.07-DIR.129, Dec. 24, 2024.

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safeguard instruments at least once during program implementation. Prior to payment for verified ER under the ERPA, the Bank reviews and clears the ERMR. The ERMR includes an annex providing evidence that ER Program measures are being implemented in accordance with applicable E&S instruments and that the BSP is being implemented as agreed. The Bank also confirms that the evidence received from the Government satisfactorily demonstrates that the ESMS is functioning and adequately identifying and managing E&S risks that arise from the ER Program measures and BSP, prior to the approval of the final ERPA payment.

Systems Approach under the East Kalimantan Emission Reduction Program

36. ***Before initiating the East Kalimantan ER Program, the Government focused on establishing the institutional, analytical, and participatory foundations for a jurisdictional ER program.*** It developed national and subnational REDD+ strategies, undertook analytical work on drivers of deforestation, and conducted extensive consultations with Indigenous Peoples, local communities, civil society, and government institutions.

37. ***Building on this work, the Government conducted an ESDD assessment in 2020 to evaluate the adequacy of existing systems for managing E&S risks under the ER Program.*** The ESDD audited the ESMS, which was a precondition for payment of ER generated during the first reporting period (June 2019–November 2020). The audit focused on system capacity related to E&S risk management for the ER Program measures implemented during that period. Government implementing agencies participated in data collection and verification through electronic surveys and in-depth interviews.

38. Based on its review of the ESDD, the Bank concluded that the ESMS was adequate to manage the E&S risks associated with the ER Program in a manner consistent with the Bank's safeguard policies. The Bank accepted the ESDD in November 2021.

Reporting and Supervision

39. Consistent with the systems approach laid out above, Bank supervision relied primarily on Government self-reporting, TPM, feedback from grievance redress mechanisms, and Bank implementation support missions.

40. The ESMF requires semi-annual safeguards reporting to the Bank, while the ERPA requires the Government to monitor and report annually on the implementation of E&S management requirements. In addition, the ERPA requires the submission of an ERMR for each reporting period to document achieved ER. Each ERMR must include a safeguards annex (Annex 1), which is reviewed by the Bank in accordance with the ESMF and complemented by TPM, as required.

41. Following the Bank's acceptance of an ESDD in 2021 that covered the first reporting period 2019/2020, the Government also submitted the ERMR Annex 1 in 2022 that covered the first reporting period as a condition for the advance payment made for ER generated in 2019/2020. In addition to these reports, and according to the ESMF, the Government should have submitted two reports per year for each of the 2021/2022 and 2023/2024 reporting periods. In addition, the ERPA required annual reporting during this same period of four years, while it was not explicitly

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clarified whether this annual reporting requirement would have been covered by the semi-annual ESMF reports. In 2024, the Government submitted one combined monitoring report for the 2021/2022 and 2023/2024 reporting periods. However, there were gaps between 2021 and 2023, during which the reports required by the ESMF and the ERPA were not received, and the Bank followed up only with delay. Based on this follow up, the Government submitted a combined report to cover the 2021–2024 reporting periods.

42. ***This reporting gap was identified and addressed during implementation.*** The Bank required the Government to: (i) submit a consolidated E&S Management Report covering the 2021/2022 and 2023/2024 ERPA reporting periods; (ii) update Annex 1 of the ERMR; and (iii) prepare and submit an IPP. In addition, and consistent with the Directive, the Bank commissioned a TPM agent covering the 2021–2024 period to assess safeguards implementation across the two ERPA reporting periods prior to the final ERPA payment.

43. ***The TPM concluded that the ESMS was implemented using existing Government systems substantially aligned with Bank policies, and that core ESMS elements were in place and consistent with the ESMF.*** The TPM also identified areas for strengthening, including consistency in risk screening, use of indicators, and documentation of community consultations. An action plan was agreed to address these issues. One action—the revision of the BSP—has been completed. The Government has committed to addressing the remaining actions during BSP implementation, which will occur as funds from the December 2025 ERPA payment are distributed to beneficiaries. The consolidated E&S Management Report, updated ERMR Annex 1, and TPM Report were reviewed and cleared by the Bank in accordance with the Directive.

Indigenous Peoples Planning Framework (IPPF)

44. The Project's IPPF established the process for preparing site- and investment-specific IPP(s) once specific activities involving Indigenous Peoples were identified. Under the applicable Bank safeguard policy (OP 4.10) free, prior, and informed consultation resulting in broad community support was required. However, the IPPF and IPP referred to a requirement for consent of the relevant communities. As explained in paragraph 101 below, the technical assistance to the MHA verification process and the establishment of an MPA supported in Long Isun were both of a voluntary nature and carried out at the request and with the agreement of the Long Isun community.

Benefit Sharing Plan (BSP)

45. The initial BSP was reviewed and cleared by the Bank in 2021. The initial BSP contained provisions that lacked clarity and *de facto* excluded indigenous communities from receiving benefits unless they were formally recognized by the Government. Management became aware of this issue during the distribution of the advance payment in 2024, which was meant to test the BSP arrangements and identify potential areas for adjustment. The Bank worked with the Government to revise the BSP to remove these access barriers, in particular for communities that met the definition of Indigenous Peoples under OP 4.10 but had not obtained formal Government recognition. The revised BSP was widely consulted upon and approved in 2025.

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V. MANAGEMENT'S RESPONSE

46. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

47. ***Management has carefully reviewed the Long Isun community's concerns and concludes that they largely fall outside the remit of the Project and the Bank. Those that relate to the Project have been appropriately addressed. For the most part, the Requesters raise issues similar to those raised with the Bank in March 2024 through a complaint to the Grievance Redress Service (GRS).*** Since that complaint, the Bank has engaged intensively with the Requesters and their representatives, including through a Bank mission to Long Isun's territory, to address the Project-related concerns. However, their main concerns cannot be addressed by the Project and the Bank because they are unrelated to the Project, predate it, or are not governed by Bank policy.

48. ***At the heart of the Request lies Long Isun's demand for legal recognition as an indigenous ("adat") group in Indonesia. Management appreciates the importance of this recognition for the Requesters, but highlights that it follows an application process under Indonesian law, known as "Masyarakat Hukum Adat (MHA) legal recognition," that is a sovereign matter for the Government of Indonesia, and not within the remit of the Bank or the Project.*** The Long Isun community's application for legal MHA recognition dates back to 2018—before the ER Program and the Project—and delays in the process cannot be attributed to the Project.

49. ***On the contrary, the ER Program supported the Requesters' application by: (i) setting up district-level MHA verification committees to facilitate the recognition process; and (ii) providing resources to the provincial and district Community Empowerment and Village Government Agency (DPMPD) to support local communities in the application process.*** Legal MHA recognition could not be guaranteed by the Project, and was not a precondition to Project activities, or a requirement of Bank policy. Moreover, the local government's recent announcement of the conclusion of the verification for Long Isun's application for legal MHA recognition indicates that the ER Program has not jeopardized or undermined Long Isun's ability to obtain such recognition.

50. ***Management further notes that the Request's claims of adverse impacts on the Long Isun community stemming from the Project are not substantiated, given that no ER Program measures that could lead to land use restrictions took place in Long Isun during the ERPA reporting periods (2019–2024) (see paragraph 16, above).***[23] The only ER Program measures that were reported by the Government to have been implemented in Long Isun were: (i) the provision of technical assistance by the local government to support Long Isun's legal MHA recognition claim; and (ii) the establishment of an MPA. Both activities are voluntary in nature and were specifically requested and supported by the Long Isun community. The Requesters expressed concern about restrictions on the use of traditional forest fires and cultivation practices. But the

[23] Note that while the ERPA were signed in November 2020 and were effective until December 2025, the first reporting period under the ERPA commenced in June 2019.

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ER Program introduced no such restrictions in Long Isun. Management confirmed with the Government that traditional forest agriculture (swidden) is recognized and allowed by authorities.

51. ***The Requesters also allege exclusion from the ER Program's financial benefits. Such benefits are distributed in accordance with the BSP. As noted above in paragraph 45, an earlier version of the BSP de facto excluded* adat *community groups without government recognition, but it was revised to eliminate this exclusion.*** Under the BSP, the Requesters have access to two financial allocations: the "performance" allocation, which they can receive through their village (Long Isun village), and the "reward" allocation, which they can receive directly as a community (Long Isun community). The performance allocation has been available to them from the start, but in August 2024, during the distribution of the ERPA advance payment, the Requesters opted out of the Program and declined to receive their share. The reward allocation was initially unavailable to them because of the community's lack of legal MHA recognition. But this has since been rectified. Incorporating feedback from the Requesters, the BSP eligibility rules were revised in 2025 to explicitly allow communities to receive a reward allocation even if they do not have legal MHA recognition. Long Isun village and the Long Isun community would thus be eligible for both a performance and a reward allocation, respectively, under the final ERPA payment, should they elect to opt back into the Program.

52. ***Management also notes several constraints on the Bank's ability to help address the Requesters' concerns:***

- *Consultations.* The Request raises concerns about inadequate consultations and lack of information sharing about the ER Program and the BSP by the Government. These weaknesses were acknowledged by the Bank, and the Bank asked the Government to review consultation procedures and to undertake extensive consultations during the revision of the BSP, in which the Requesters' representatives participated in August–October 2025. ***At the same time, the Long Isun community adamantly requested that it not be contacted or visited by Government officials in the context of the ER Program and declined to participate in any further consultations related to the ER Program or BSP.***

- *Benefit Sharing Plan.* As mentioned above, in 2024 the Requesters declined to receive funds allocated to Long Isun village under the performance allocation. At the time, they conveyed a preference not to receive funds via village government channels and criticized the BSP for not allowing reward allocations to be distributed to communities like Long Isun's that did not have legal MHA recognition. ***Yet, although the BSP was revised in 2025 to allow such communities to receive a reward allocation, the Requesters continue to claim exclusion from the Program's financial benefits.***

- *"Opting Out."* In August 2024, the Long Isun community chose to opt out of the Program, a decision which the Government has acknowledged and accepted. At the same time, the Long Isun community has continued to request the ER Program's support for their legal MHA recognition application. Similarly, the Long Isun community chose to continue participating in the voluntary establishment of an MPA supported by the Program.

53. ***Management would like to respond to the key allegations in more detail below.***

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Delayed Legal MHA Recognition

54. ***In Indonesia, the formal recognition process for MHA—i.e., indigenous, or customary law/adat communities—is multi-step, regionally led, and a complex process under current laws and policies. Recognition gives a community legal status as a distinct adat community and is a prerequisite for securing rights over land or forests claimed as traditional territory. The Request alleges that the delayed formal recognition of Long Isun's indigenous status by the Government was an "outcome of the project design."***

55. ***The Dayak Bahau customary community of Long Isun has long sought formal recognition as MHA, clearly predating the Project.*** The Request confirms that the community's efforts to delineate its territory date back to 1966, and its efforts to obtain legal MHA recognition started in 2018, before the Project. However, the Request criticizes the Bank for *"deferring entirely to the Government of Indonesia's slow-moving recognition process."* This overlooks the fact that legal MHA recognition is a sovereign process subject to national law that can be granted only by the Government. In Management's view, the Project did not undermine or delay the Government's granting of legal MHA recognition. On the contrary, assistance from the ER Program to the Government's MHA process helped to advance and eventually conclude the MHA verification process for Long Isun after years of little or no progress, as announced in November 2025 by the MHA verification committee (see Annex 3).[24]

56. ***The process for legal MHA recognition is widely known to be lengthy.*** The review and validation processes by local government can take time due to insufficient financial and administrative capacities to carry out the verification. As the Request notes, the SESA acknowledged that weak land governance, including the lack of recognition of customary and local rights, is one of the drivers of deforestation. But that does not mean that legal MHA recognition was a precondition for the Project under Bank policy. Rather, the SESA suggested that legal MHA recognition would support the objectives of the Project. That is why Component 1 of the ER Program was designed to address these systemic risks through policy and institutional support, including assistance to the legal MHA recognition process and support for government-led dispute resolution mechanisms.[25] This was intended to address the identified bottlenecks and enable local governments to carry out the verification process.

57. ***However, the outcome of each legal MHA recognition process remains a sovereign legal decision and always rested with Indonesian government agencies. The ER Program's support to help address capacity constraints that are hampering this process never meant that a specific decision could be guaranteed, nor would such commitment have been possible or meaningful.*** Neither the Project nor the Bank can influence the outcome of the verification, which is a sovereign national process under Indonesian law. The delays in the legal MHA recognition of Long Isun thus cannot be attributed to the Project or the Bank.

[24] See December 10, 2025, public announcement of upcoming decree formalizing legal MHA recognition for Long Isun (Annex 3)
https://tte.mahakamulukab.go.id/tte-publish/2025/11/2025-64-11-0045295/182.2.102.142_1763103698907_signed.pdf

[25] In cases where territorial claims by different communities overlap, dispute resolution is used to address the overlap, as resolving such claims is necessary to advance the legal MHA recognition process.

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58. ***Management would also like to clarify that Long Isun's legal MHA recognition is not a condition for implementing ER Program measures and the BSP.*** The Request references paragraph 17 of OP 4.10, which requires certain Bank-financed projects to include an action plan to secure the legal recognition of Indigenous Peoples' ownership, occupation, or use of lands and territories. That provision does not apply in the context of this Project, because the action plan is required only for projects that involve the *acquisition* of such lands or that include activities that are *contingent* on establishing such legally recognized rights (e.g., land titling projects). But that is not the situation in Long Isun: the ER Program does not involve any such land acquisition, and legal recognition of the community was not a precondition for the community to take part in ER Program measures. Legal MHA recognition was never required for accessing the BSP funds under the performance allocation. And while the reward allocation was initially unavailable to communities without legal MHA recognition, this has been corrected through a revision of the BSP in 2025.

59. ***Management understands that a major factor that delayed the Long Isun's legal MHA recognition was its land boundary conflict with the neighboring Naha Aruq* adat *community. This conflict longs predates the Project and the Project did not contribute to it.*** As acknowledged in the Request, the contested boundary delineation, the district decree endorsing overlapping maps, and the criminal case against a member of the Long Isun community all occurred between 2010 and 2014, several years before the Project. These events cannot be attributed to the ER Program, nor did they arise or persist as a result of the Bank-supported Project.

60. ***The ER Program provided meaningful support to the Long Isun's MHA legal recognition efforts, which had previously stalled.*** The ER Program specifically allocated approximately US$900,000 to subnational governments in East Kalimantan to support the MHA recognition process. An MHA verification committee was established in Mahakam Ulu in 2024. That same year, the Long Isun community, with facilitation from the DPMPD, resubmitted its claim for legal MHA recognition. In parallel, the Directorate of Tenurial Conflict Resolution and Adat Forests within the Ministry of Forestry, through facilitation by the Bank, supported dispute resolution efforts related to Long Isun's land boundary conflict. Together, these actions contributed to renewed progress in Long Isun's legal MHA recognition process, culminating in the Government's inclusion of Long Isun as part of its MHA verification in July 2024 and the conclusion of that process in November 2025. The next step is for the district government to issue a formal decree based on the results of this verification process.

Jurisdictional Carbon Accounting and Attribution

61. ***The Request claims that treating the forest in Long Isun as State Forest, "subject to government control and carbon accounting," will undermine their customary rights to occupy and use the forest. The Request therefore seeks the removal of the territory claimed by Long Isun from the carbon accounting under the ERPA. As explained below, the generation of ER under the Program is not prejudicial to the Long Isun community's land rights or legal MHA recognition prospects.***

62. Removing Long Isun from the carbon accounting area is not possible under the Program design. ER are calculated against a *provincial reference level*, using aggregated data, and are not

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attributable to individual communities, villages, or *adat* territories, such as Long Isun. A community's or village's decision to opt in or out of the Program determines whether any ER Program measures will take place in that area and whether they will receive financial benefits under the BSP—not whether that area will be included in ER accounting.

63. ***In addition, the Request appears to assume that local communities and villages have some legal or beneficial title over the ER, and that the generation and transfer of ER will adversely affect the status of the land or the community's legal claims to it.*** However, the Bank, based on representations by the Government and confirmation from an independent legal expert in Indonesia, understands that the Government has full and sole legal title to the ER generated anywhere in the Program area in East Kalimantan during the first reporting period, and has the ability to transfer the ER free of any interest, encumbrance, or claim of a third party, including from Long Isun.[26] This legal title of the ER is unrelated to the status of the land in question, including the legal MHA recognition of communities. In addition, the generation and transfer of the ER in accordance with the ERPA did not result in any restrictions in the status or use of the land or resources claimed by the Long Isun community; the risk of ER reversals[27] is addressed separately through Project design considerations and the Program's buffer mechanism rather than attempts to restrict land use or create additional obligations for communities. The ER Program's jurisdictional carbon accounting has not resulted in exploitation of the forest claimed by Long Isun or the infringement of its *adat* rights. Hence, no discernible impacts on the community can be inferred from the fact that the ER Program measures, reports, or sells verified ER from reduced deforestation.

64. ***The jurisdictional emissions accounting framework does not appropriate or attribute ecosystem services or conservation outcomes to individual territories, including the territory claimed by Long Isun.*** Jurisdictional accounting methods adopted for the Project do not differentiate ER based on individual land titles or territories. This is consistent with the jurisdictional approach, which aims to provide an incentive to address landscape-level issues, while preventing leakage[28] or pressure related to specific concessions or territories. This means there is no mechanism to identify and remove ER calculated for any individual territory. Conservation outcomes are not attributed to individual communities, and the accounting framework does not assign or monetize ecosystem services at the village or *adat* territory level.

65. ***As such, the Government of Indonesia does not "profit" from Long Isun's conservation efforts. This is especially true for the forested areas managed by Long Isun, which had historically low rates of deforestation, and thus would have contributed very little to ER, if at all.*** Still, Long Isun stewardship of forest resources deserves to be recognized. That is why the BSP allocates the financial benefits of the Program not only to communities who would have otherwise caused deforestation and greenhouse gas emissions but also to a wide range of

[26] The Bank initially confirmed this through an independent legal opinion in 2021 as one of the conditions of sale and purchase under the ERPA, and again in 2025 prior to the December 2025 disbursement given the significant developments in the Indonesian legal and regulatory framework governing carbon markets since the initial 2021 opinion was received.

[27] "ER Reversals" under FCPF refer to situations where previously credited forest ER are later eliminated due to renewed emissions through forest loss or degradation.

[28] "Leakage" refers to a situation when emissions reductions achieved in one area cause increased emissions somewhere else, hence offsetting the climate benefit.

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communities located in and around standing forests, in line with principles of fairness and to reduce any perverse incentives linked to deforestation. The Program thus proposed that Long Isun receive a portion of the ER proceeds to *reward* its prudent forest management, rather than because it *generated* those ER proceeds. In sum, the ER Program does not introduce changes in land tenure, *adat* rights, or forest management arrangements, and it does not supersede Indonesian forest law.

66. ***In Management's view, jurisdictional carbon accounting does not fall under the provisions on "Commercial Development of Natural and Cultural Resources" as described in OP 4.10 (paragraph 18).*** As explained above, Indonesia's legal framework vests ownership of such carbon rights exclusively in the Government. Therefore, carbon accounting does not affect individual or community rights to such carbon credits, as communities do not hold or could not obtain such rights in the first place, and hence cannot harvest or sell them. As such, the carbon credits do not constitute a resource that the community could otherwise use, or monetize, and for which the Government should seek consent. Moreover, carbon accounting has no direct effect on a community's livelihoods or its use of natural or cultural resources.

Alleged Land Restrictions and Prohibition of Customary Land Uses

67. ***The Request claims that, by "including Long Isun's territory" in the jurisdictional carbon accounting framework under the ER Program, the Project imposes forest use restrictions, including prohibitions on controlled burning that is part of the Requesters' traditional rotational farming system. Management does not share this understanding.***

68. ***The ER Program does not impose any land-use restrictions or restrictions on access to natural resources on the Long Isun community to generate ER. In addition, the applicable forest laws predate the Project.*** The ER Program does not affect forest designation, use, access, or governance in Long Isun. It did not issue and/or impose new regulations related to forest use restrictions or forest fire prevention in Long Isun. A PF was prepared under OP 4.12 as a precautionary measure for possible Program activities that could lead to such restrictions, but Program reporting by the Government indicates that no such activities occurred in Long Isun. The Grievance Mechanism also did not register any complaints about access restrictions, and this was not raised as an issue during meetings with the Long Isun community.

69. ***The Request refers to prohibitions on traditional forest burning and cultivation practices. However, Management notes that the relevant laws (to which the ER Program has no relation) do allow for the type of traditional and customary practices that the Requesters seek to preserve in Long Isun.*** In Indonesia, clearing land by burning forest for permanent land conversion is expressly prohibited by law. However, the law allows the traditional use of fire by customary communities that carry out such land clearing for traditional swidden agriculture practices under specific conditions, including the controlled burning of a maximum of two hectares per household, to be planted with local varieties of crops, surrounded by firebreaks to prevent the spread of fire to surrounding areas, and left fallow to regenerate after cultivation, stressing the rotational and non-permanent character of such clearing. This means that national legislation allows land clearing by burning under these conditions. These conditions apply in Long Isun. Management has confirmed with local authorities that Long Isun's customary *adat* council (not FMU rangers) follows and enforces these practices during the planting season, that local

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authorities are aware of them and impose no restrictions, and that no complaints by Long Isun have been filed with the local authorities (FMU or Forest Agency) about restrictions. Furthermore, the authorities confirmed that no early fire warnings have ever been received that indicated escalation of forest fires in Long Isun that would have warranted intervention by the local authorities. It is therefore unclear on what basis impacts on the livelihoods of the Long Isun community would result from the Project.

70. ***The Request alleges restrictions on the use of forests due to Government interventions that limit fire risk. According to ER Program reporting, the only fire risk management intervention that took place in Long Isun was the voluntary creation of an MPA.*** The Long Isun MPA was established in 2020 with strong support from the village government and the Long Isun *adat* council.[29] The *adat* council was actively involved in the establishment of the MPA, indicating its alignment with *adat* practices and local governance. The MPA program has seen broad acceptance among forest communities, as prevention of forest fires is recognized as a mitigation against a shared disaster risk, rather than a government-imposed requirement.[30] In this context, the community undertakes its *own* independent patrols.

71. ***Due to the remoteness of the Upper Mahakam forest in which Long Isun is located, and the large extent of the area, monitoring and patrol activities by the FMU are conducted using a risk-based approach to ensure the effective use of available human and financial resources.***[31] Management consulted the responsible FMU in Batu Rook, which confirmed that on-the-ground forest monitoring is primarily undertaken by the Long Isun community through the MPA. The FMU explained that this form of community-based monitoring is well established.

72. ***The FMU also emphasized that restrictions related to forest fires are primarily intended to prevent the permanent conversion of primary forest into plantations (particularly for palm oil), which has not been observed in Long Isun, and therefore no intervention has been required.*** These restrictions do not target the use of fire for rotational swidden subsistence agriculture, which leads to temporary forest removal on small areas and where long fallow periods allow the forest to recover and regrow.

73. ***With regard to the customary use of forests, it is important to clarify that the territory claimed by Long Isun is currently designated as a Production Forest.*** While MHA recognition for the Long Isun community is in process, until the forest is gazetted as Customary Forest (*Hutan Adat*), its previous classification remains valid. It is possible that the claims raised in the Request pertaining to the alleged limitation of Long Isun's rights to access and use the forest may be based on the forest's current classification as Production Forest, which is unrelated to the Project.

74. ***As explained above, there has been no indication or evidence of forest law enforcement increasing in Long Isun as a result of the ER Program.*** The photograph presented in Annex 6 of

[29] The *adat* council is a traditional governance body that represents and regulates an indigenous (*adat*) community according to *adat* law.

[30] There are currently 229 MPAs with approximately 15,000 members. In total, 3,759 equipment sets have been distributed to these groups. Funding has also supported procurement of helmets, footwear, and other safety equipment.

[31] East Kalimantan currently has approximately 95 forest rangers, deployed across 21 management units. Deployment priorities are based on forest risk levels and coverage needs. Forest rangers are responsible for approximately 8.2 million hectares, including both Protected and Production Forest.

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the Request shows the banner of a government awareness-raising campaign to warn of forest and land fires. The banner states, *"Stop forest and land fires. Protect and love our environment."* Since the catastrophic 2015 forest and land fires in Indonesia, forest fire prevention has become a critical national priority due to the severe environmental, health, and economic impacts experienced domestically and across the region. The Government therefore increased public awareness campaigns, particularly during El Niño years, emphasizing fire prevention and community vigilance. The banner referred to by the Requesters dates from 2023, not 2019, as stated in the Annex. These types of banners are typically displayed near forested areas during dry El Niño periods, such as the one experienced in Kalimantan between June and October 2023. It was issued by the District Disaster Risk Information Services and is unrelated to the ER Program. As part of an awareness raising campaign, it does not constitute a restriction or prohibition on swidden agriculture and/or controlled burning practices in Long Isun that would affect the livelihood of Long Isun communities.

75. ***Based on ER Program reporting for the 2021–2024 period, there is no indication of an increased frequency or intensity of community patrols, no limitation on the use of fire in traditional swidden agriculture, and no grievances or complaints recorded in relation to enforcement activities or access restrictions in Long Isun.*** The ERPD listed support for Farmer Fire Prevention Groups, Community Forest Fire Prevention Groups, and Community Partners of Forest Rangers as part of existing government programs to prevent and address forest and land fires. The establishment of these groups is completely voluntary. Based on Management review of the Government's Annual Work Plan for 2023-2024 (for the use of the BSP advance payment), activities supported were capacity building of community groups and procurement of personal safety equipment. There were no reports of increased patrolling by the FMU on Long Isun's territory, nor of community patrols resulting in communities being denied access to harvesting timber or non-timber forest products for their own use or from practicing traditional agriculture.

Alleged Exclusion from the BSP

76. ***The Request claims that the BSP is subject to "structural discrimination" and exclusion in the sense that fund allocations allegedly were (i) primarily accessible to recognized indigenous groups; and (ii) require partnerships with government bodies.***

77. ***In order to respond to the Requesters' allegation of exclusion from the BSP, it is necessary to explain the territorial and administrative situation of the Dayak Bahau customary community of Long Isun.*** Long Isun is used to refer to both (i) ***the village*** of Long Isun (*desa*), as registered in the Indonesian administrative system, and governed by an elected Village Head, and (ii) the ***Dayak Bahau customary community of Long Isun*** (*Masyarakat Adat*), i.e., the Requesters, who live in the territory of Long Isun. Management understands that the population of Long Isun village is comprised, in the vast majority, of members of the Dayak Bahau customary community of Long Isun. However, they have two different leaders: the elected Village Head under the official administrative system, and the *adat* leader of the Dayak Bahau customary community.

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78. ***Under the 2025 BSP, communities such as Long Isun can receive monetary benefits both through the performance allocation and the reward allocation.***

- *The performance allocation* is intended for villages. BSP funds are transferred into the village account based on budget plans developed during participatory planning meetings in villages. These Program funds have been available to the village of Long Isun from the start. Long Isun was eligible for a IDR378 million share (US$22,535) of the advance payment received by the Government under the ERPA.[32] However, following consultations with the Government, it declined this share of the performance allocation in August 2024, reportedly because the funds would have been administered by the village government rather than by the community directly. The Requesters allege that this performance allocation was transferred to the Long Isun village account against their will. But Management has found no evidence of this transfer. The Government provided the Bank with a list of all the villages to which performance allocations were made, and Long Isun does not appear on this list.

- *The reward allocation* is intended for *adat* and other community groups directly. The Requesters' complaint about exclusion pertains to this reward allocation. Under the original version of the BSP, distributions of the advance payment under the ERPA in 2023 and 2024 were limited to government-recognized groups, which *de facto*[33] excluded groups like the Long Isun *adat* community that did not have legal MHA recognition. At the Bank's request, and based on feedback from the Requesters, the Government revised the BSP in 2025 to remove this exclusion. The community of Long Isun and other groups that do not have legal MHA recognition are now eligible for a reward allocation. The Long Isun community would thus receive a reward allocation if it elected to opt back into the Program.

79. ***In sum, the Long Isun* adat *community has been eligible for a performance allocation through its village, which it declined to receive, and is also eligible for a reward allocation now that the BSP has been revised. Accordingly, the Long Isun* adat *community could receive both a performance and a reward allocation under the final ERPA payment if it chose to opt back into the ER Program.***

Alleged "Forced Partnerships" in BSP Design

80. ***The Request alleges that the BSP would require them to engage in "partnerships" with the private sector or assign private sector actors the power to "oppress or criminalize" community members. The ER Program imposes no such partnerships.***

81. ***The BSP does not include any requirements for communities to partner with the private sector.*** The BSP channels monetary and non-monetary benefits through government agencies. Specifically, the performance allocation is channeled through (i) village government to communities, and (ii) local government agencies for investment in ER Program measures.

[32] ERPA Section 4.04.

[33] The initial BSP document required government recognition at the district or village level. In practice, however, villages are not authorized to grant such recognition. Recognition at the district level, however, is the legal MHA recognition, which can take a significant amount of time to obtain.

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However, neither of these arrangements requires communities to engage with the private sector. Meanwhile, the reward allocation is channeled via NGOs, not the private sector. Private sector agencies have not been eligible to receive funds under either the original or revised version of the BSP. The revised BSP (2025) removed all roles for private sector actors in the governance of the BSP and introduced a stronger role for *adat* representatives and civil society. The initial monitoring arrangements for the BSP included a working group that was to be chaired by the Head of the Economic Bureau, and consisted of provincial agencies, private company associations (forestry and estate crops), CSOs, academics, and development partners. The working group's mandate was to verify the calculations of benefits, formulate policies and technical guidance, validate proposals, and oversee monitoring and coordination. An earlier Executive Director Decree (Number 15 of 2024) indeed included a private sector representative (in that case an individual from the Palm Oil Producers Association) as a member of that working group. However, the 2025 revision of the BSP removed all private sector roles in the BSP, including from the working group.

82. ***The 2021 BSP also included roles for local government agencies in reviewing community proposals, but these have been reduced significantly to allow more flexible use of funds by communities in the 2025 revision (see Annex 3 of the 2025 BSP).*** The remaining engagement with government agencies is voluntary and consistent with existing agency mandates and community-based village planning processes (which occur annually irrespective of the BSP allocations or the ER Program). Eligibility criteria and funds allocation formulas are specified in the BSP and not subject to the discretion of private sector stakeholders or local government agencies. The two categories of allocations for communities (performance and reward) allow communities two different options to access monetary benefits through either (or both) of their preferred institutional structures: performance allocations via their village governments' annual participatory planning process; and reward allocations through nongovernmental groups, including *adat* groups. Performance allocations fund government programs, such as social forestry licenses, support to social forestry groups, and support to legal MHA recognition, etc., that also benefit communities. This type of support is demand driven, i.e., provided at the request of the beneficiaries, and thus do not constitute "forced partnerships" with government agencies.

83. ***The ERPD contains a list of public and private stakeholders that could potentially be involved in the ER Program.*** However, these private stakeholders have no designated specific roles in BSP design or implementation. They are also not part of the ER Program steering committee or governance structure.

Alleged Instances of Violence

84. ***The Request alleges that the Project has heightened Long Isun's exposure to actual and perceived risks of violence and criminalization. It specifically cites emerging disputes with neighboring communities following Long Isun's rejection of the ER Program. The Request also refers to violent confrontations that occurred prior to the Project.***

85. ***Management acknowledges the seriousness of the longstanding land conflict involving the Long Isun community, including allegations of criminalization and intimidation. However, the events involving violence and criminalization described in the Request occurred between 2011 and 2014 and hence substantially predate the Bank-supported Project (implemented 2019–***

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2025). The overlapping concession claims, boundary delineations, and the arrest and prosecution of a community member occurred between 2011 and 2014, several years before the Project. These incidents arose from historical concession licensing decisions taken by Government authorities, and not from activities financed or implemented under the ER Program. Management does not consider that the inclusion of the Long Isun area in the jurisdictional carbon accounting could have any impact on these disputes.

86. ***The land boundary dispute described in the Request long predates the Bank-supported Program.*** As acknowledged in the Request, Long Isun's claim is based on establishing its territory in 1966. In 2010, a new delineation of land was commissioned and parts of the territory claimed by Long Isun were mapped to a concession holder. In 2011, a Decree on village boundaries endorsed the changed land mapping, which was misaligned with Long Isun's historical land claims and contributed to the dispute. In May 2014, a confrontation between Long Isun community members and the concession holder occurred over tree cutting within the disputed territory. According to the Request, one community member was arrested and detained. A temporary agreement was reached in February 2018 to declare the territory's status quo pending recognition as Customary Forest/*Hutan Adat*.

87. ***The territorial conflict concerns the Long Isun* adat *community and the neighboring Naha Aruq* adat *community, which claims part of the territory claimed by Long Isun.*** In 1966, *adat* communities in Upper Mahakam, including Naha Aruq and Long Isun, agreed to their customary borders. In 2008 and 2014, two logging concessions were granted to two companies on territory that Long Isun claims as its customary territory according to the 1966 borders. In 2009, a participatory mapping was conducted by The Nature Conservancy in order to fulfil Forest Stewardship Council (FSC) certification requirements for these concessions. This participatory mapping triggered a dispute among the two communities, since part of the area that the Long Isun community considered part of its customary territory was mapped to the Naha Aruq *adat* community. This mapping was formalized by the West Kutai District Government in 2011, and no changes were made when both Naha Aruq and Long Isun administratively became part of a new district, Mahakam Ulu, in 2013. Based on the 2011 administrative map, a timber concession on the disputed territory was awarded in 2014. The dispute between the two communities, therefore, predates the Project and in Management's view there is no indication that the ER Program caused or exacerbated it.

Alleged Instances of Reprisals

88. ***The Request alleges instances of reprisals against the Long Isun community for raising concerns about the ER Project. It specifically claims that local authorities threatened to withhold village development funds unless the community agreed to participate in consultations.***

89. ***The Bank promptly and consistently responded to Long Isun's stated fears of reprisals, including by raising such concerns with the Government, stressing the need to protect complainants, victims, and witnesses from any form of threat, intimidation, or reprisal.*** Management agrees that complainants should be protected from any form of threat, reprisals, or retaliation as confirmed in the Bank's Commitments Against Reprisals. Consistent with that

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commitment, Management engaged authorities and escalated concerns to the provincial and then national government.

90. ***The Requesters raised with the Bank the allegation that local authorities had threatened them with withholding village development funds unless Long Isun agreed to attend consultations. While no written evidence of threats was shared with Management,[34] the Bank reacted swiftly to this verbal report.*** Management sent formal letters in April 2024 and September 2024 to the MoE, MoFor, and the Provincial Government of East Kalimantan, highlighting the absolute necessity of protecting complainants, victims, and witnesses from any form of threat, intimidation, or reprisal. The Bank also communicated this requirement verbally at a meeting held in June 2024 with the MoE and the Provincial Government, in response to Long Isun's further allegations of intimidation. The message was acknowledged and confirmed by Government representatives.

91. ***Management notes that the Requesters in a letter in November 2024 acknowledged and commended the Bank*** for *"taking proactive steps by issuing written concerns to both regional and national government representatives regarding the persistent acts of intimidation and retaliation directed at Long Isun and their representatives following the submission of the GRS complaint." In the same letter, the Requesters added, "These communications represent an important step in addressing the serious allegations of intimidation and retaliation."*

92. ***Further, Management notes that no additional incidents of reprisals or intimidation were reported.*** During the Bank's visit to the Long Isun *adat* community in February 2025, community members whom the Bank met confirmed that the community had not experienced any further retaliatory or intimidatory acts since their opt-out decision was acknowledged by the Government in October 2024. While considering the matter addressed at the time, Management reiterated its request that the Bank be alerted if any such acts should reoccur.

Consultations

93. ***The Request claims that the consultations for the Project were not meaningful and inclusive, and not carried out in a culturally appropriate manner.***

94. ***The Government undertook consultations with affected Indigenous Peoples, consistent with the requirements of OP 4.01 and OP 4.10.*** Engagement was carried out at the national, provincial, district, and community levels, with the participation of community stakeholders, including Indigenous Peoples' representatives, throughout ER Program development and implementation. Given the jurisdictional scale of the ER Program, the Government implemented consultation activities to reach as many stakeholders as possible at different levels.

95. To inform ER Program design, consultations at the provincial and district levels were implemented to gather inputs from relevant stakeholders, including CSOs and representatives of Indigenous Peoples. Once the design was sufficiently advanced, community-level consultations were conducted in 2020, covering 99 villages in five out of seven districts. Consultations also took

[34] Annex 7 of the Request for Inspection, which reportedly contains evidence of such written threats, was not shared with the Bank.

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place in another 12 villages in 2021-2022, supported by development partners,[35] and in 44 villages in 2023 using FCPF advance payment resources.

96. ***The two districts where community-level consultations were not conducted in 2020, Kutai and Mahakam Ulu Districts, were not reachable due to COVID-19 conditions at that time.*** However, representatives from these two districts (including Long Isun) had been invited to district-level consultations conducted in Barong Tongkok in August 2019 and attended this consultation.

97. ***Community consultations for the distribution of the advance payment to pilot the BSP were conducted in 2024–2025 in 441 villages and with 150 community group beneficiaries.*** In addition, consultations were conducted to revise the BSP and IPP from July to September 2025. Over 1,000 participants from all seven districts, including more than 20 local CSOs, IPLC organizations, and academics, participated in six consultation events held at provincial and district levels.

98. ***With regard to Long Isun specifically, Management notes that, despite some weaknesses in consultations during the COVID-19 pandemic, the Requesters were invited to and participated in several consultation meetings.*** Management acknowledges that engagement with Long Isun in the early stages of the ER Program did not sufficiently communicate participation choices, opt-out options, or grievance channels. Management worked with the Government to strengthen participation and outreach on ER Program and BSP implementation, including by training field facilitators that speak local languages. This included meaningful consultations with the Long Isun community in 2024, at which point the Long Isun community decided to opt out of the ER Program. From then on, the Requesters asked that they no longer be contacted by Government staff in relation to the ER Program. This request was acknowledged and respected. Should Long Isun wish to re-engage in the ER Program and receive funds through the BSP from the final ERPA payment, the revised 2025 BSP now includes requirements for improved consultations approaches and stronger guidance on conducting consultation with Indigenous Peoples.

99. Management also notes that the Requesters considered the consultations flawed because the Government would not first grant them legal MHA recognition or agree to their demand to exclude Long Isun from the Program's accounting area. However, these two demands from the community, which are discussed in paragraphs 55 and 61, do not indicate that the consultations were not meaningful.

Free, Prior, and Informed Consultations

100. ***The Request alleges that the ER Program should not have advanced because the Long Isun community did not provide its consent and instead opted out.***

101. ***As explained in paragraph 44, OP 4.10, which is the applicable Bank policy standard, requires free, prior, and informed consultations resulting in broad community support, while***

[35] World Wildlife Fund (WWF), the German Agency for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ*), and the Deep Decarbonization Pathways (DDP) Initiative.

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the IPPF and IPP referred to a requirement for consent of relevant communities. The technical assistance to the MHA verification process and the establishment of an MPA supported in Long Isun were both of a voluntary nature and carried out at the request and with the agreement of the Long Isun community. In addition, when the Long Isun community expressed its desire to opt out of the ER Program, that decision was acknowledged and respected by the Government.

102. According to the Request, Long Isun felt it was coerced into consenting to the ER Program when it participated in a meeting with the local government in August 2024. This impression possibly resulted from the decision to combine discussion on the MHA process with a presentation on the FCPF, which Management acknowledges was also poorly communicated. However, district authorities have confirmed to the Bank that the attendance sheet was never used or presented as evidence of Long Isun's consent.

103. ***The only ER Program measures reported by the Government to have been implemented in Long Isun were support for the legal MHA recognition process and the establishment of an MPA, both of which were undertaken at the request of the Long Isun community***. The MHA recognition support activity, which consisted of support for the MHA technical verification committees, as well as resources for the local government to support the community to submit its MHA request, was conducted at the community's request. Similarly, the MPA was established following FMU socialization on available fire prevention support for communities, after which the Long Isun community voluntarily decided to set up an MPA. Participation is voluntary, and the FMU provides training and makes manual fire control equipment available to support community-based fire prevention activities.

Conclusion

104. Management acknowledges certain weaknesses in supervision and follow-up on the Government's ESMS reporting during the first phase of Project implementation. In addition, there were delays and weaknesses with regard to consultations during the COVID-19 restrictions on travel and gatherings. However, these issues were identified and corrected during implementation. In Management's view, these challenges have had little or no relevance for the issues raised by the Long Isun *adat* community, especially considering its decision to eventually opt out and not participate in further consultations or the BSP.

105. Management concludes that the Bank has correctly applied its policies and procedures in relation to the matters raised in the Request. Accordingly, in Management's view the Requesters' rights or interests have not been, and will not be, directly or adversely affected by any alleged failure of the Bank to implement its policies and procedures.

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Annex 1
Claims and Responses

No.	Claim	Response
1.	***A lack of meaningful and inclusive consultation (1)*** Consultations on the ER Project's planning and implementation with Long Isun were inadequate, misleading, coercive, and discriminatory from the outset. The community first learned about the ER Project in 2018 during a socialization conducted by the Project implementing agency.[1] At that time, Long Isun had already been struggling for years with an unresolved land boundary conflict involving their customary territory, the neighboring indigenous community of REDACTED and REDACTED, a REDACTED company holding overlapping concessions in both communities' areas. From the beginning, Long Isun made it clear: without first resolving the land conflict and recognizing their rights, there could be no positive outcome from the ER Project or any other activities. Despite this explicit position, the Project disregarded the community's rejection and proceeded with implementation, embedding structural conflicts into the Project's foundation.	***Management notes that, despite some weaknesses in consultations during the COVID-19 pandemic, the Requesters and the Requesters' representatives were invited to at least six consultation meetings and participated in at least four of them. After Long Isun decided to opt out of the ER Program, the Requesters asked that they no longer be contacted by government staff in relation to the ER Program. This request was acknowledged and respected. In light of this, it is unclear how the Requesters' allegation of insufficient consultation could be addressed while also respecting their request not to be contacted.*** The Government undertook consultation with affected Indigenous Peoples/*adat* communities, consistent with the requirements of OP 4.01 and OP 4.10. Engagement was carried out at the national, provincial, district, and community levels with the participation of community stakeholders, including *adat* communities' representatives, throughout ER Program development and implementation. Given the jurisdictional scale of the ER Program, the Government implemented consultation activities to reach as many stakeholders as possible at different levels. To inform and seek feedback for the ER Program design, a series of consultations informing ER Program design were carried out at the national, provincial, and district levels from 2015 to 2019, involving relevant stakeholders, CSOs and representatives of *adat* communities. Once the design was sufficiently advanced, community-level consultations were conducted in 2020, covering 99 villages in 5 out of 7 districts. Consultations also took place in another 12 villages in 2021-2022 supported by development partners,[2] and in 44 villages in 2023 using FCPF advance payment resources. The two districts where community-level consultations were not conducted in 2020, e.g., Kutai and Mahakam Ulu Districts, were not reachable due to

[1] The first Emission Reduction Project socialization, conducted by DPPI *(Direktorat Jenderal Pengendalian Perubahan lklim - Kementerian Lingkungan Hidup dan Kehutanan),* 2018.
[2] World Wildlife Fund (WWF), the German Agency for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ*), and the Deep Decarbonization Pathways (DDP) Initiative.

No.	Claim	Response
		COVID-19 conditions at that time. However, representatives from these two districts (including Long Isun) had been invited to district-level consultations conducted in Barong Tongkok in August 2019, which they attended. During 2020–2024, the Government reported nine ER Program measures. Each ER Program measure had its own procedures for stakeholder engagement and were conducted by sectoral implementing agencies. Community consultations related to the BSP for the distribution of the advance payment were conducted in 2024–2025 in 441 villages with 150 community group beneficiaries. In addition, consultations were conducted to revise the BSP and IPP **f**rom July to September 2025. Over 1,000 participants from all seven districts, including more than 20 local CSOs, IPLC organizations, and academics, participated in six consultation events held at provincial and district levels. Management has been provided by the Government with the following records of consultations in which Long Isun was included: • District consultation in August 2019: Long Isun was invited and 3 representatives from Long Isun participated; • August 13, 2024: Village-level consultation; • Public consultation on the BSP revision in 2024: PNP (the Requesters' representative) was invited to the public consultations on the IPP and BSP revision, and attended one event in Samarinda hosted by Universitas Mulawarman, a District consultation in Kutai Barat on August 26, 2026, and provided feedback on the documents using the online submission option made available by the Government. Management was first informed of Long Isun's rejection of the Project in March 2024, which was followed by several discussions among Long Isun representatives, the Bank, and the Government. Long Isun's request to opt out of the ER Program and to decline further outreach by Government staff related to the ER Program was acknowledged and respected. Management also notes that even if the Requesters' demands were not met by the Project, this does not represent evidence of flawed or ineffective consultation, as claimed in the Request.

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No.	Claim	Response
		See also Item No. 4 below.
2.	Several meetings were conducted between 2019 and 2020, but none were carried out in a culturally appropriate manner. The meetings have always been conducted using Bahasa Indonesia, while most of the Long Isun community members speak Dayak Bahau. The 2021 BSP documented that the "consultations" for East Kalimantan's ER Project involved representatives from seven districts, with only a handful of Indigenous representatives included. From Mahakam Ulu, where Long Isun is located, only two Adat representatives were present among more than 100 participants.[3] Both attendees made clear they had no authority to represent the wider community, and they found the information presented "incoherent, unclear, and confusing."[4] Facilitators promised to return to Long Isun to carry out a proper socialization, but this never happened. These meetings were marked in project documents as part of the FPIC process. Yet, in Long Isun it is customary for all activities to be approved through Adat structures after agreement of the wider community. For instance, a road widening project in the village will need a broad consultation with the community members, and only upon their agreement, the project can proceed. No such collective consultation occurred.	***The geographic scale of East Kalimantan, combined with logistical constraints and COVID-19 related restrictions during the initial consultation period, made community-level consultations in remote areas such as Mahakam Ulu extremely challenging and, for some time, not feasible.*** The consultations referenced in the 2021 BSP were conducted at the provincial and district levels to inform the design of a jurisdictional program, with subsequent village-level consultations planned. They were not intended to replace community-level consultations. The Government did not assume that attendance by *adat* communities' representatives at these meetings implied authority to represent Long Isun or to provide consent on its behalf. As pandemic conditions improved, a substantial effort was undertaken in 2023, 2024, and 2025 to conduct community-level consultations across East Kalimantan, including in remote districts. Consultations related to the distribution of the advance payment were supported by a third party, the NGO Kemitraan (hired by the Government as an intermediary agency in January 2024, to support it in broadening outreach). Following the submission of the GRS complaint by the Long Isun community in March 2024, the Government considered engagement with Long Isun as sensitive and decided to engage with the community directly (rather than through Kemitraan). The Government therefore conducted consultation with the Long Isun community in Long Isun in August 2024. Management has reviewed the report and documentation on these consultations. A facilitator trained in community outreach shared information on the FCPF and BSP with the participants and allowed two weeks for the community to deliberate on whether they would like to submit a proposal to access benefits, or whether they prefer not to participate in the benefit sharing. Management acknowledges that the absence of earlier community-level consultation in Long Isun contributed to misunderstandings regarding the ER Program. In response, Management supported strengthened guidance on consultations under the IPP, finalized and approved in October 2025, including

[3] Benefit Sharing Plan, October 25, 2021, pages 37-38.
[4] Information shared by attendees to PNP and FPP.

No.	Claim	Response
		clearer requirements on language accessibility, community-level engagement, and respect for customary/*adat* decision-making processes, consistent with OP 4.10. These enhancements, i.e., enhanced Grievance Redress Mechanism, risk identification and mitigation measures, and clarity of criteria when consent is required, will apply to implementation of the revised BSP in 2026 onwards.
3.	Because Mahakam Ulu was excluded from FPIC Phase I due to COVID-19, no meaningful consultations occurred for nearly four years. When the Ministry of Environment and Forestry of Indonesia (MoEF) finally conducted a socialization in Long Isun in November 2023, the process was rushed and perfunctory.[5] Community members described it as *''just* a *formality* so *MoEF could make* a *report,"* and left the meeting *"more unclear about the carbon project."* Some asked basic unanswered questions: *"What is carbon? Is it important for* Long Isun? *Are they going to collect it and ship it off to other countries?''; "How do they collect the carbon? Do they use planes?"*[6] These direct quotes display a clear lack of understanding of what the ER Project is all about, and demonstrate that the Project has failed to communicate potential impacts to the Long Isun community.	Please see Items No. 2 and No. 4. While some representatives of Mahakam Ulu had participated in district-level consultations in 2019, the village was not reachable in 2020 due to COVID-19 restrictions. Subsequently, between 2021 and 2024, government agencies conducted community-level consultations as part of their institutional mandates to implement ER Program measures. Only two ER Program measures were implemented in Long Isun, and both had been requested by the community: the legal MHA recognition of customary law communities and establishment of an MPA.
4.	At no point were Long Isun members told they could opt out of the ER Project or that they had the right to raise complaints if they believed the Project could cause harm. When the community did express concerns, they were met with coercion and threats from local officials (detailed in the retaliation section). This omission violated the principle of meaningful consultation and further restricted the community's ability to make informed decisions. This is in violation of the OP 4.01 para. 14, OP 4.10 para. 10, OP 4.11 para 11, and OP 4.36 para 2-3.	***Early engagement in Mahakam Ulu was limited by COVID-19. Initial gaps in explaining opt-out options and information on grievance channels were subsequently addressed through strengthened guidance on consultation with Indigenous Peoples, clearer opt-out protocols, and renewed consultations. The Long Isun community's decision to opt out of the ER Program was formally acknowledged and respected.*** ***Decision to opt out.*** Management acknowledges that the Government's early engagement with Long Isun did not sufficiently communicate the ability to opt out from the ER Program and BSP or the available grievance channels. Specifically, it was not clear (i) which ER Program measures stakeholders could opt

[5] PADIATAPA Implementation Report, May 2021, page 3, https://mrv.kaltimprov.go.id/storage/guest/-ERMRl/FPIC/PADIATAPA%201M PLEMENTATION%20REPORT EN G.pdf

[6] Interviews by PNP and FPP with Dayak Bahau Indigenous Peoples in Long Isun, November 26-28, 2023.

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No.	Claim	Response
		out of, and (ii) the procedure and process for opting out. These issues have since been clarified (described in the BSP and updated guidelines on consultations with Indigenous Peoples), along with the implications of opting out in relation to the BSP. As explained in Section III of the main text, ER Program measures comprise a mix of: demand-driven government programs where participation is voluntary and where communities may choose whether or not to participate; activities linked to the implementation of existing government laws and regulations that communities cannot opt out of because these laws and regulations are binding; and ER Program measures that communities can opt out of. Accordingly, beneficiaries may opt in by requesting support, maybe subject to regulatory requirements under Indonesian laws and regulations, or may decide not to participate or opt out where participation is voluntary. In addition, stakeholders may choose not to participate in benefit distribution under the BSP. To reflect these distinctions, a clear opt-out protocol has been developed in the guidelines on consultations with Indigenous Peoples, and for the BSP, and dissemination of the protocol has been part of the BSP consultations, and the 2025 BSP/IPP consultations. Following discussions that have been held since March 2024 between Long Isun's representatives, the Bank, and the Government, the community's request to opt out of the ER Program and to decline further contact with Government staff related to the ER Program were acknowledged and respected. As a result of a meeting organized by the Government on August 13, 2024, in Long Isun, the community formally submitted a letter to the Government on August 20, 2024, communicating its opt-out decision. The Government formally responded to this letter on October 25, 2024, acknowledging the opt-out decision. ***GRM*.** While not every community was reached directly during early community-level ER Program consultations, the Government communicated the existence of the ER Program GRM through the district-level consultations and program documentation. At the district-level meeting in Barong Tongkok, Kutai Barat, on August 21, 2019, information on the ER Program GRM was included in the consultation materials and communicated to the participants of the consultation, including three

No.	Claim	Response
		representatives from Long Isun. In addition, grievances related to specific ER Program measures could be raised through FMUs. FMU are site-based forest management entities mandated under the forest law, ensuring forests are managed sustainably at the local level; they are authorized to receive and process grievances. Grievances relating to ER Program measures raised through these channels are consolidated by the Safeguards Working Group. ***Coercion/intimidation.*** See Item No. 35 below.
5.	***Harm to Indigenous Peoples (5)*** The ER Project in East Kalimantan has caused and threatens to cause serious harms to Long Isun, an Indigenous community in Mahakam Ulu, by infringing our customary rights to use, conserve, and manage our land and to maintain our cultural heritage and practices, violating our right to FPIC, perpetuating structural discrimination in benefit-sharing, exacerbating existing land conflicts, and exploiting our stewardship without recognition or compensation. These harms strike at the heart of the safeguards under OP 4.01, OP 4.10, OP 4.11, OP 4.12, and OP 4.36, which require meaningful consultation, respect for Indigenous rights, and avoidance of adverse impacts on our lands, livelihoods, and cultural resources.	***The only ER Program measures reported by the Government to have been implemented in Long Isun were support for legal MHA recognition (ER Program component 1.3) and for establishment of an MPA. Both were requested by the community. Therefore, there is no indication that tenure conflicts could have been caused or exacerbated by the ER Program. Tenure insecurity and land-related disputes in the area predate the ER Program and were documented as pre-existing risks in the SESA and ESMF. Mitigation measures in the form of supporting actions towards legal MHA recognition and dispute resolution facilitation mechanisms were included in the ER Program.*** ***Direct engagements with the community were conducted as part of the BSP consultation process. As part of this process, the Long Isun community decided to opt out and this decision was acknowledged and respected (see Item No. 4).*** The SESA and ESMF identified tenure insecurity and pre-existing land conflicts as social risks in East Kalimantan, reflecting longstanding structural and institutional challenges predating the ER Program. The ER Program seeks to address these systemic issues through policy-level and institutional measures, including support for legal MHA recognition processes, social forestry, spatial planning, and dispute resolution mechanisms led by the Government. ***These measures aim to strengthen institutional capacity to process legal recognition claims and strengthen governance frameworks rather than intervening in or adjudicating individual land claims.*** ***As reported by the Government***, the ER Program supported legal MHA recognition in Long Isun in the form of technical assistance to the MHA District Government Committee in Mahakam Ulu, facilitation

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No.	Claim	Response
		of Long Isun's legal MHA recognition application,[7] and the setting up of an MPA. Hence, no impact (physical works, restrictions on access to land or resources, changes to land use practices, or impacts on tangible or intangible cultural heritage) resulted from that activity. Management also notes that the ER Program is jurisdictional in nature and does not impose land use restrictions, physical displacement, or mandatory participation at the community level. The Program does not alter legal tenure arrangements or adjudicate land claims. The ER Program addresses tenurial conflicts only through mediation facilitated by the Provincial Forestry Agency or Directorate of Tenurial Conflict Resolution and Adat Forests within the Ministry of Forestry. With respect to consultation, see Item No. 4. Regarding unresolved tenure issues, see Item No. 11. With respect to land conflicts, see Item No. 8.
6.	***A. Infringement of Customary Rights and Cultural Heritage (6)*** The ER Project undermines Long Isun's customary rights to occupy, use, and manage our ancestral lands: rights that are the foundation of our identity and survival. The ER Project treats our forests as State Forests, subject to government control and carbon accounting, without recognizing our traditional ownership or management.[8] This is a fundamental violation of OP 4.10, para. 16, which requires special consideration for Indigenous Peoples' customary rights to land, forests, and natural resources essential to their cultural and spiritual survival. By implementing a Project without recognition of our rights or consent, the Project infringes our ability to maintain cultural practices tied to land, including forest rituals and rotational farming. Such interference also breaches OP	***The ER Program did not introduce, strengthen, or enforce any land use or access restrictions in Long Isun, and it did not undermine Indigenous Peoples'/*adat *communities' customary rights or cultural practices. ER Program implementation in Long Isun was limited to supporting the recognition of MHA through providing technical assistance to the MHA District Committee in Mahakam Ulu and setting up of an MPA. Land status remained unchanged, and participation was voluntary.*** The ER Program operates under prevailing laws and regulations. Indonesian national law (Law No. 41 of 1999 on Forestry) provides that forest land is classified as State Forest unless and until it is formally designated as Customary or *Adat* Forest. Legal MHA recognition constitutes the first step in this process, followed by submission to the Ministry of Forestry for *Adat* Forest demarcation and issuance of a *Adat* Forest title. Accordingly, while Long Isun territory is legally classified as State Forest pending Long Isun's legal

[7] The E&S Management Report states that *"Seven adat communities received formal MHA recognition. These communities were facilitated by the ER Program through partnership between the Village and Community Empowerment Agencies (DPMPD) at the provincial and district levels and adat rights advocate NGOs. Thirty-six adat communities are in the process of applying for formal recognition, thirty of which were facilitated by the ER Program through the Village and Community Empowerment Agencies (DPMPD) at provincial and district levels and the Forestry Agency in partnership with the adat rights advocates."* Long Isun is one of these 36 *adat* communities.
[8] Long Isun's 1966 Lands Boundary Mapping, Annex 4.

No.	Claim	Response
	4.11, paras. 1-3, which require the Bank to protect physical and cultural resources, including landscapes, sacred sites, and traditional practices, from project-related impacts. These harms are the direct result of a Project that proceeds without securing tenure, without respecting Indigenous stewardship, and without providing alternatives that sustain our culture and livelihoods.	MHA recognition, this legal classification— predating the ER Program—allows the exercise of traditional land use and cultural practices. There is a maximum of two hectares per household for such practices, requiring the use of firebreaks and mandatory reporting to the village authorities and the FMU.[9] Any restrictions applicable in Long Isun are those that arise from the general regulatory framework governing State Forests under Indonesian law and have not been introduced or expanded by the ER Program. The SESA and associated safeguard instruments identified and considered the special requirements under OP 4.10, paragraph 16, including customary rights, protection of land and natural resources, and Indigenous Peoples' natural resource management practices, as well as the cultural heritage protection principles set out in OP 4.10 and OP 4.11. As noted above, ER Program measures implemented in Long Isun were limited to support for the legal MHA recognition, a process that has been pending since 2018 and therefore predates the Project, and the establishment of the MPA. During the ER Program implementation period from 2020 to 2024, progress on the recognition process was limited, primarily due to an unresolved boundary dispute with a neighboring *adat* community, which hindered advancement of the claim. As a result, the land status of Long Isun remained unchanged during this period, with no modification to land governance or land use arrangements attributable to the ER Program. In 2024 and 2025, the provincial DPMPD, with ER Program support, facilitated a renewed submission of Long Isun's recognition claim and supported mediation efforts between Long Isun and the neighboring community with the aim of resolving the territorial dispute. On November 10, 2025, the Mahakam Ulu District Government MHA verification committee publicly announced the conclusion of the MHA verification process for Long Isun after years of little or no progress. While progress has been gradual, the ER Program has not resulted in negative impacts

[9] The Law Number 32 of 2009 on Environment Management (reaffirmed by Job Creation Law Number 11 of 2020) allows the use of fire in traditional agriculture and stipulates requirements. This is also reinforced by a Minister of Environment and Forestry Decree Number 28 of 2021 and East Kalimantan Local Ordinance Number 9 of 2024, Article 13, which provides exemption to "customary/local communities practicing their local tradition." Article 22 of the Job Creation Law (revising the Environment Management Law) requires customary/local communities to use firebreaks and report to village authorities and FMUs if they are located inside the forest for coordination purposes, and limits the use of fire to a maximum of two hectares per household.

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No.	Claim	Response
		on Long Isun's customary/*adat* rights or cultural heritage; rather, it contributed to positive progress toward legal recognition. The ER are calculated against a provincial reference level using aggregated data and are not attributable to individual communities, villages, or customary/*adat* territories, including Long Isun. The ER generated in accordance with the ERPA did not result in any restrictions in the status or use of the land or resources claimed by the Long Isun community. The fact that the area claimed by Long Isun is included in the calculation of generated ER has no implication for Long Isun, its status or its territorial claim.
7.	***B. Sham FPIC and Procedural Misrepresentation (7)*** In August 2024, the Long Isun were invited to what was presented as a meeting to discuss their MHA recognition process. The community welcomed this opportunity, believing it was finally a step toward securing their land rights and protecting their forest. However, on 13 August 2024, when they arrived, they were confronted by a banner titled "FCPF-carbon fund socialization program," revealing that the meeting had been repurposed into a socialization session for the FCPF ER Project. During the meeting, one of the attendees said: *"why is the MHA verification process becoming socialization for carbon funds?"*[10] Attendance at this meeting was later misused: the signatures collected were presented as evidence that Long Isun had consented to the Project. This was not consent, but a case of procedural misrepresentation. The community had not been given relevant information, had not engaged in good-faith negotiations, and had not agreed to the Project. This fraudulent FPIC is violating the requirement of good faith negotiation and culturally appropriate consultation in OP 4.01, para 14, and OP 4.10, para. 11. Upon discovering this falsification, Long Isun immediately reported it to the Bank and demanded that the attendance record not be	***Management agrees that the August 2024 meeting reflected shortcomings during early communication and coordination efforts, which were acknowledged and addressed. However, Management does not agree that those constitute a failure of good faith consultation or a fraudulent process of Free, Prior, and Informed Consent (FPIC). The community's decision to opt out was acknowledged and respected; no benefits were distributed against its wishes; and no ER Program measures were implemented beyond the support for legal MHA recognition and the establishment of an MPA, which were requested by and agreed with Long Isun. The ER Program's jurisdictional carbon accounting does not attribute carbon rights or benefits to individual communities and has not resulted in the "exploitation" of the forest claimed by Long Isun or the "infringement" of its customary/adat rights.*** Management acknowledges that the August 13, 2024 meeting between the Government and the Long Isun community was not correctly announced in advance as a community-specific meeting to explain the FCPF ER Program and the BSP, and that the initial framing of the meeting created confusion. Management communicated in Management Letters on September 10, 2024 that clearer advance communication regarding the purpose of the meeting would have been appropriate. However, Management was informed by the Government that the meeting itself was conducted in a respectful and culturally sensitive manner. The meeting was organized by the Government, which hired a skilled CSO facilitator, specialist in gender-

[10] The community members shared these with PNP.

No.	Claim	Response
	treated as evidence of consent (Annex 3). The community also requested the revocation of the document that was wrongly considered FPIC and explicitly opted out of the Project. While this revocation and opting out decision was acknowledged, the incident left the community with a deep sense of mistrust and highlighted the failure of the Bank to ensure an authentic FPIC process. Despite this clear withdrawal of consent, the ER Project continued to treat Long Isun's territory as part of the Emission Reduction accounting area. This means that the carbon stored in the forests managed by Long Isun is still being measured, reported, and monetized by the ER Project to generate emission reduction payments, even though the community has rejected participation. Long Isun's forest stewardship continues to produce "benefits" that are credited to the Government and used for payment calculations, without Long Isun's approval, compensation, or recognition. This occurrence not only violated FPIC but also undermined the community's collective sovereignty, leaving us with deep mistrust of the Project and its actors.	sensitive community facilitation, to conduct the meeting. During the meeting, the ER Program was explained in clear terms, including its voluntary nature, and the community was explicitly informed of its right not to participate in the Program, as well as the procedures to opt out. ***Furthermore, the Government confirmed to Management that attendance lists from the August 13, 2024 meeting were <u>not</u> treated as evidence of consent.*** Rather, they were included as part of the minutes of the meeting (in Indonesian, *Berita Acara*) to document the meeting process, outcomes, and participants. Following the meeting, which included an explanation that the community was provided two weeks to deliberate and provide a response regarding its participation in the ER Program, the Long Isun community formally communicated its decision to opt out of the ER Program. The Requesters submitted a formal letter opting out of the Program on August 20, 2024. The Provincial Government of East Kalimantan subsequently issued a letter on October 25, 2024, formally acknowledging the community's decision to opt out. This letter also stated that the Program was providing support to facilitate legal MHA recognition. The Bank further discussed and confirmed the implications of this opt-out decision during its supervision visit to Long Isun in February 2025, including clarification that communities that opt out do not receive BSP benefits but may choose to opt back in at a later stage. Management considers that the opt-out decision has been fully respected. Following the opt-out: • Only two ER Program measures have been implemented in Long Isun, as requested by it (support to the legal MHA recognition process and the establishment of the MPA). • The community has not been included in distribution of the advance payment (see also Item No. 12 below). • The community has not been approached by the Government in the context of meetings and ER Program measures. The August 2024 meeting revealed the need to strengthen coordination and communication. Consequently, the Bank advised the Government to

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No.	Claim	Response
		strengthen operational procedures, provide safeguards guidance, ensure clearer definition of consultation purposes, and reinforce explanations at the community level regarding voluntary participation and opt-out rights. With respect to ER accounting, see Item No. 6 above. Moreover, Management notes that no discernible impacts on the community can be derived from the fact that the ER Program measures and reports carbon.
8.	***C. Land Boundary Conflict Exacerbated (8)*** Long Isun's longstanding and unresolved land boundary conflict with REDACTED and a REDACTED company, REDACTED, has been a source of violence, criminalization, and fear. • Long Isun holds documented boundaries dating back to 1966, which clearly establish their territory (Annex 4). • In 2010, REDACTED commissioned a new delineation of lands, with The Nature (TNC), in order to operate their business. Parts of Long Isun's lands were mapped under the area of REDACTED by REDACTED, which was done unilaterally without any information given to nor consent from Long Isun. • In 2011, the REDACTED issued a Decree on village boundaries that endorsed REDACTED's unilateral land mapping, misaligned with Long Isun's historical records of their land claims.[11] This created an overlapping map that fueled disputes. In May 2014, while conducting routine forest patrols, Long Isun members found REDACTED cutting trees inside their area. At this time, the Long Isun community did not know that there had been newly developed land mappings conducted by REDACTED in 2010, and endorsed by the government in the form of REDACTED Decree in 2011. When the community tried to intervene, one member, REDACTED was criminalized: arrested,	***Management does not agree that the Program exacerbated existing tensions or increased risks to the community. The events cited in the Request go back as far as 1966 and hence long predate the Project. The E&S Management Report for the 2021–2024 period, confirmed by the TPM Report, notes that the ER Program did not introduce new enforcement measures, concessions, or land use restrictions in Long Isun's territory.*** ***Following the concerns raised through the Bank's GRS, the Bank undertook enhanced due diligence, engaged repeatedly with the community and CSOs, and supported revisions to the BSP to ensure that* adat *communities, including those without formal legal recognition, would be eligible to benefit from the Program if they so wished. The community's subsequent decision to opt out of the Program was respected.*** In line with OP 4.01, the SESA and the ESMF included a program-level assessment of environmental and social risks. These instruments identified weak land governance, including tenure insecurity, land boundary conflicts, and delays in the legal MHA recognition process, as underlying drivers of deforestation in East Kalimantan. Component 1 of the ER Program was therefore designed to address these systemic risks through policy and institutional support, including assistance to the legal MHA recognition process and support for government-led dispute resolution mechanisms. Consistent with OP 4.10, the IPPF and the ESMF identify support for land rights recognition as a key mitigation measure integrated into the design of Component 1 of the ER Program.

[11] Government of Indonesia, REDACTED Decree No. 136.146.3/K.917/2011 dated November 4, 2011, concerning the determination and ratification of village boundaries in Long Pahangai sub-district.

No.	Claim	Response
	detained, and accused of extortion.[12] REDACTED. This prolonged criminalization has created a climate of fear, deterring community defense of our own land. Although a temporary agreement was reached in February 2018 to declare REDACTED's concessions in *status quo* pending recognition as Customary Forest, the process stalled because Long Isun remains unrecognized as MHA (Annex 5). The Bank's own SESA and ESMF explicitly flagged land tenure conflicts and lack of MHA recognition as urgent issues requiring resolution before proceeding with REDD+ projects,[13] particularly in Mahakam Ulu.[14] By including disputed territories in ER calculations without resolving these conflicts, the Bank has exacerbated social conflict and put Long Isun at heightened risk. This constitutes non-compliance with OP 4.10, para. 17, which requires projects affecting Indigenous lands to include processes for legal recognition. The Bank also aggravated existing tensions, violating OP 4.01, paras. 2-4, which require early risk identification and mitigation of environmental and social harms.	***The land boundary conflict described in the Request long predates the Bank-supported Program.*** As acknowledged by the Requesters, the contested boundary delineation, the district decree endorsing overlapping maps, and the criminalization incident, all occurred between 2010 and 2014, several years before the ER Program was prepared, approved, or began implementation. These events therefore cannot be attributed to the ER Program, nor did they arise as a result of the Bank-supported Project. Moreover, the Bank facilitated the Requesters' access to the Government for initiating dispute resolution efforts. During the ER Program implementation period from 2020 to 2024, the status of Long Isun's legal MHA recognition claim and the associated boundary dispute remained largely unchanged, primarily due to the unresolved conflict with a neighboring community. In July 2024, the provincial DPMPD provided assistance to Long Isun to resubmit its legal MHA recognition claim. In parallel, facilitated by the Bank, the Directorate of Tenurial Conflict Resolution and Adat Forests within the Ministry of Forestry supported dispute resolution efforts related to Long Isun, including engagement with Long Isun and the neighboring *adat* community and coordination with relevant subnational authorities (since September 2025 the Ministry has followed up directly with the community). ***These actions under the ER Program contributed to renewed progress in Long Isun's legal MHA recognition process, which had previously stalled.*** ER under the ER Program are measured and verified at the provincial scale using aggregated forest cover change data and are not linked to Project-level interventions on specific parcels of land. ***Management therefore does not agree that the ER Program exacerbated existing land conflicts or increased risks to the community as a result of carbon accounting.***

[12] Forest Peoples Programme, *Logging the Heart out of Borneo: the distressing case of Long /sun,* 2017. https:ljwww.forestpeoples.org/publications-resources/news/article/logging-the-heart-out-of-borneo-the- distressing-case-of-long-isun/

[13] SESA, page 113 states: *"Recognition of customary (adat) land becomes an urgent aspect to ensure inclusion of indigenous people surrounding the forest area".* ESMF, page 26 states: *"The ER Program will focus on four key aspects that support improvements to the licensing regime, dispute resolution, the recognition of customary land, and village planning".*

[14] SESA, page 113 states: *"Data processing in spatial analysis shows that there are 200,437 ha of overlapping area between protected and production forest area and the area of Indigenous People. This overlap indicates a risk for conflict between Indigenous People and license holders. Most of this risk area (66%) is in Mahakam Ulu District."*

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No.	Claim	Response
		The ESMF and the IPPF recognize that legal MHA recognition is a government-led process. The ER Program commits to supporting district-level MHA recognition committees, including in Mahakam Ulu. For more detail on the legal MHA recognition process, see Item 11 below. Management considers that risks related to tenure insecurity were identified at an early stage through the SESA and ESMF and addressed through proportionate mitigation measures, including support for recognition and dispute resolution, consistent with OP 4.01. Management further notes that there is no indication that the ER Program has exacerbated pre-existing land conflicts.
9.	***D. Structural Discrimination in Benefit Sharing (9)*** The Project's Benefit Sharing Plan (BSP)[15] entrenches a system of structural discrimination: • Reward Allocations are reserved for recognized Indigenous communities/MHA, with strict eligibility barriers. • Performance Allocations require partnerships with government bodies or concessionaires.[16] For unrecognized Indigenous Peoples like Long Isun, this means no direct access to benefits. Instead, we must submit to partnerships with the very actors, government agencies, and concession holders, who have historically dispossessed and criminalized us. This two-tiered system violates OP 4.10, para. 1, 11(c), 12, and 18. which requires that all Indigenous Peoples, regardless of their legal status, must receive culturally appropriate benefits. For Long Isun, this scheme is not only inappropriate, it is dangerous. The community has a long and painful history of conflict with the concessionaire REDACTED, including intimidation and criminalization of its members (details in subsection C above), and should not be forced to partner with them or companies	***Management notes that the stated aims of the BSP design included providing inclusive access to benefits. However, the original (2021) version contained procedural barriers for non-recognized* adat *groups. This issue was addressed in the revised BSP in 2025 which expanded access to IPLCs ("community groups").*** ***There were initial challenges in aligning the Government's budget system requirement with the BSP's stated intentions to include all community groups—including those without recognized title. Those were addressed in the revised BSP.*** ***Management wishes to clarify that the BSP contains no requirement for "partnerships" with the private sector, and certainly none that would oppress or criminalize community members in Long Isun. The BSP does not include requirements for communities to partner with the private sector, and requirements for engagement with government agencies are voluntary and consistent with existing community-based village planning processes, which occur annually irrespective of the BSP allocations or the ER Program altogether.*** ***BSP design and alleged structural discrimination.*** The BSP was designed to address pre-existing structural inequalities in East Kalimantan, including by channeling funds to marginalized communities. Eligibility criteria and funds allocation formulas were specified in the BSP and not subject to the discretion

[15] The original Benefit Sharing Plan shared in the World Bank ER project page. https://projects. worldbank.org/en/projects-operations/project-detaiI/P166244

[16] More detailed information in Chapter 5, point 2.

No.	Claim	Response
	like them. Yet this same company is part of the Roda Mas Group, whose executives and affiliates are embedded within the ER Project's governance and implementation framework. One of these executives, REDACTED, sits as a representative of the Indonesian Association for Forest Concession Holders (APHI), a designated "private partner" in the implementation of REDD+,[17] while simultaneously holding senior management positions in REDACTED and REDACTED, both subsidiaries of REDACTED.[18] This dual role demonstrates a clear conflict of interest: the same business group that has been the source of serious land conflicts and criminalization of Long Isun community members now participates in shaping benefit distribution and private-sector engagement within the ER project. By approving and maintaining a BSP structure that privileges corporate and state actors over Indigenous governance systems, the Bank has effectively institutionalized exclusion. Forcing Long Isun into partnerships with concessionaires through the BSP risks retraumatizing the community and exposing them to renewed violence.	of private sector stakeholders. The two categories of allocations for communities (performance and reward) allow communities two options to access benefits through their preferred institutional structures: ***performance allocations*** via their (elected) village governments' annual participatory planning process; and ***reward allocations***, which are allocated on the basis of membership in / identification with nongovernmental groups, including but not limited to *adat* groups, and channeled directly to beneficiary bank accounts via an intermediary agency. In the original and revised BSP, the *performance allocation* is channeled via village governments and NGOs. Funds are transferred to village governments for investment in local development projects, via existing annual participatory planning processes. Village governments are mandated in Indonesian Law to lead annual participatory planning processes that explicitly include women and *adat* leaders, and the results-based payments provided through the BSP are essentially a "top-up" to annual village budgets. This process is complemented by additional support to consultation and planning by NGOs (see BSP (2025 version) page 25, Table 2.1), which designates responsibilities to prepare proposals for community outreach and support to intermediary agencies, which are local NGOs. See also page 31, which highlights the role of local NGOs (called Subnational Intermediary Agencies, SIA) in implementation, to address remaining risks of exclusion and provide a pathway to registration of beneficiaries. There are no requirements for any new government "partnerships," nor any private sector partnerships. The private sector is not eligible to receive transfers of funds through the BSP in either the original or revised versions. In the original BSP, the *reward allocation* was not limited exclusively to recognized MHA groups; various types of community groups (including *adat* groups, farmer groups, and social forestry groups) were eligible. However, all community groups had to be recognized by or registered with government agencies to allow for the transfer of government funds. This requirement de facto excluded non-recognized *adat* groups.

[17] FCPF Carbon Fund Emission Reduction Project Document (ERPD), page 29.
[18] REDACTED

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No.	Claim	Response
		The Bank transferred an advance payment of US$20.9 million following a request from the Government in 2022. 150 community groups were designated by the Government as eligible to receive funds from the reward allocation, with the majority not being recognized MHA groups, as there were very few in the province. During the distribution of the advance payment, the Government's beneficiary selection process prioritized already registered groups to which it could legally transfer funds, and did not include any non-recognized *adat* groups. This problem was identified during advance payment distribution in 2024, and Management worked with the Government to revise the BSP eligibility criteria and funds flow mechanisms to channel funds to such unrecognized groups, while maintaining consistency with the Government's funds transfer rules, budget, and audit requirements. This was one of the primary reasons the BSP was revised in 2024-2025, and Long Isun would now be eligible to apply for funds through the reward allocation should they elect to opt back in to the BSP. ***BSP governance and the "dual role" of the private sector.*** The ERPD (Table 1.3) contains a list of agencies that could potentially be involved in the ER Program, and includes private sector stakeholders. The ERPD explains the Government's plan for reducing emissions, and was finalized in 2020, before the BSP was developed. However, the agencies listed in that list have no designated specific roles in BSP design or implementation. They are also not part of the ER Program steering committee or governance structure. They are simply actors who could also potentially contribute to generating ER. However, the monitoring arrangements in the original BSP included a BSP working group, which was to be chaired by the Head of the Economic Bureau, and consisted of provincial agencies, private company associations (forestry and estate crops), CSOs, academics, and development partners. The working group's mandate was to verify the calculations of benefits, formulate policies and technical guidance, validate proposals, and oversee monitoring and coordination. An IEF Executive Director Decree (Number 15 of 2024) indeed includes the name of an individual from the Palm Oil Producers Association as a member of the Disbursement Verification Committee. There is no role for this working group in key issues of concern to the Requesters, namely legal MHA recognition, dispute resolution, or benefits

No.	Claim	Response
		allocation and as such, Management does not believe any harm has resulted for Long Isun, or would have results had they opted to participate in the BSP before it was revised. ***However, in the revised BSP (2025), all roles for private sector actors in governance of the BSP—including the working group mentioned above—were removed and a stronger role for* adat *representatives and civil society was introduced (page 20 of 2025 BSP).***
10.	***E. Commercialization and Commodification of Conservation (10)*** The ER Project's design effectively replaces Indigenous-led forest governance with a market-based, government and private-actor-driven model of conservation. While the ER Project is framed as a mechanism for reducing deforestation and generating emission reductions, its operational logic privileges state agencies and concession holders as "implementing partners" while marginalizing Indigenous stewardship systems. This approach transforms forest conservation into a carbon commodity, subordinating community-based management to commercial certification and performance-based schemes. The Bank's safeguards explicitly discourage such models. OP 4.36 (paras. 10 and 13-15) emphasize that community-based forest management is the preferred approach, requiring that projects support the rights and participation of local people, including forest dwellers and Indigenous Peoples, in forest conservation and management." By contrast, the ER Project's inclusion of private-sector partners, such as concessionaires and logging groups, with potential access to incentives like ISPO certification, creates perverse incentives for these same actors to consolidate control over forest lands under the guise of "sustainable management." In practice, this design jeopardizes both conservation and social outcomes. It risks legitimizing commercial exploitation by companies with poor environmental and social records, while undermining Indigenous conservation traditions that have long preserved	***By design, the ER Program does not support privatization of forests or their conversion into "tradable commodities" under project developers or private actors. It also does not reassign control over forests away from communities.*** Jurisdictional REDD+ mechanisms, such as this one, measure emission outcomes at the jurisdictional level rather than by specific parcels and make payments for verified declines in deforestation province-wide, consistent with the broader international REDD+ architecture. This approach is intended to promote public policy coherence, while avoiding project-based models that can fragment benefits, exclude non-participating communities, or concentrate control in a limited number of actors. Furthermore, jurisdictional REDD+ frameworks are designed to be multi-stakeholder programs, including government agencies, communities, traditional users, and where relevant, private actors, who collectively contribute to reduce deforestation and comply with social and environmental safeguards. Hence, these programs do not inherently privilege state agencies or concession holders but instead create incentives for all stakeholders to align with sustainable land use and forest conservation goals. The ER Program is explicitly designed as a multi-stakeholder program in which communities, including *adat* communities, are central contributors to ER. The Program recognizes that long-term forest conservation outcomes depend on the active participation of local and indigenous *adat* communities, particularly those with longstanding stewardship over forest areas. To this end, the Program supports multiple forest governance systems within East Kalimantan, including indigenous stewardship and community-based forest management, as core elements of the Program.

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No.	Claim	Response
	East Kalimantan's forests. By reinforcing private and state control over forest resources, the ER Project not only marginalizes Indigenous Peoples' governance systems but may actively facilitate further extraction and degradation. This constitutes non-compliance with OP 4.36 and OP 4.01, which require that projects identify, evaluate, and mitigate social and environmental risks, and promote equitable, sustainable forest management consistent with local and Indigenous knowledge systems.	Moreover, the ER Program makes a deliberate effort to recognize and reward communities that have maintained historically intact forests. The BSP recognizes the contribution to provincial performance both of forests that were historically affected by high levels of deforestation and managed to reduce that deforestation, and those with historically low deforestation rates, including those under customary/*adat* or community stewardship. This is consistent with a jurisdictional approach, where jurisdictions that demonstrate measurable, sustained reductions in emissions receive results-based payments, and within those jurisdictions, benefit sharing reflects differentiated contributions to performance, including stewardship by Indigenous Peoples and local communities. Management notes that OP 4.36 and OP 4.01 do not preclude engagement with state or private actors where appropriate; rather, they require that Bank-supported activities promote sustainable forest management, protect the rights and participation of Indigenous Peoples and local communities, and identify and mitigate risks. The ER Program's safeguards instruments (SESA, ESMF, IPPF, IPP) and the BSP help ensure that inclusive governance, meaningful consultation, culturally appropriate benefit sharing, and respect for traditional knowledge systems are embedded in Program design and implementation. The Program also prominently promotes community forest management through social forestry schemes (ER Program Component 3) and Customary Forests (*Hutan Adat*) (ER Program Component 1). Progress in expanding social forestry schemes has been strong in East Kalimantan during ER Program implementation, which grew from 170,723 ha (63 licenses) in 2020 to 325,880 ha (178 licenses) in 2024. Management acknowledges that progress in legal MHA recognition and *adat* forest designation has lagged nationwide, including in East Kalimantan. However, several development partners in Indonesia, including the World Bank, have increased efforts to work with provincial and central governments on addressing the structural barriers that hamper legal MHA recognition in East Kalimantan and in Indonesia.
11.	***F. Delayed Indigenous Recognition (MHA) of Long Isun (11)***	***Legal MHA recognition for specific communities is the result of a government-led process based on national legal requirements. Hence, a specific***

No.	Claim	Response
	Perhaps the most persistent harm is the long-standing delay in recognizing Long Isun as MHA. Without this recognition: • Our tenure rights remain insecure; • We are excluded from Reward Allocations under the BSP; • We cannot process the disputed territory into Customary Forest; and • We remain vulnerable to dispossession, conflict, and exclusion. The ER Project SESA and ESMF both identify unresolved tenure and lack of MHA recognition as urgent structural problems. OP4.10 para. 17 further requires that when projects depend on legally recognized rights to Indigenous lands, there must be a plan for recognition consistent with customary tenure systems. The Project also failed to strengthen legal and institutional frameworks as directed under para. 22(a). Yet the Bank chose to defer entirely to the Government of Indonesia's slow- moving recognition process, without safeguards to protect communities like Long Isun. This failure has institutionalized discrimination and left the community in limbo, ultimately violating OP 4.36, paras. 1-3, which require that forest-dependent Indigenous Peoples participate in forest management decisions and benefit from forest use consistent with their rights and livelihoods. The scale of this recognition gap is staggering as in East Kalimantan, only four Indigenous communities have been recognized as MHA.[19] In Mahakam Ulu Regency, where Long Isun is located, none of the 50 villages have MHA recognition.[20] Although the District Government has been advised to enact district regulations (Perda) and use customary law to resolve conflicts, these recommendations have gone unheeded, and yet the project has been allowed to proceed on the lands of unrecognized groups.[21] As explained in more detail below, the Bank has failed to monitor or	***outcome was neither committed to by the Project, nor would such commitment have been possible or meaningful.*** The SESA acknowledged that weak land governance, including the lack of legal MHA recognition, is one of the drivers of deforestation. Component 1 of the ER Program was designed to address this issue by supporting capacity building for legal MHA recognition committees at the district level. Interventions supported through the ER Program have contributed to advancing the legal MHA recognition process in East Kalimantan. OP 4.10, paragraph 17, requires certain Bank-financed projects to include an action plan to secure the legal recognition of Indigenous Peoples' ownership, occupation, or use of lands and territories. That provision does not apply in the context of this Project, because the action plan is required only for projects that involve the *acquisition* of such lands or that include activities that are *contingent* on establishing such legally recognized rights (e.g., land titling projects). But that is not the situation in Long Isun: the ER Program does not involve any such land acquisition, and legal recognition of the community was not a precondition for the community to take part in ER Program measures. Legal MHA recognition was never required for accessing the BSP funds under the performance allocation. And while the reward allocation was initially unavailable to communities without legal MHA recognition, this has been corrected through a revision of the BSP in 2025. As noted above, under Component 1, the ER Program provides support to the legal MHA recognition process, which constitutes a prerequisite for subsequent designation of Customary Forest/*Hutan Adat* by the Ministry of Forestry. ***While the Program provides technical and institutional support to the recognition process, it does not and cannot guarantee specific outcomes, as legal recognition decisions rest with Government authorities and are beyond the scope of the ER Program or the Bank-supported Project.***

[19] SESA, page 114.
[20] Long Isun Indigenous Peoples were the first one in Mahakam Ulu who applied for the MHA in 2018.
[21] SESA, Appendix A3 on Institutional Capacity Assessment and Due Diligence.

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No.	Claim	Response
	enforce the implementation of these mitigation measures, exacerbating existing conflicts and vulnerabilities, and entrenching discrimination against us.	ER Program-supported interventions have contributed to measurable progress on legal MHA recognition in East Kalimantan. With Program support, participatory mapping exercises have identified 204 *adat* communities, and six MHA recognition committees have been established across seven districts. Since 2020, district authorities have formally recognized five *adat* communities, compared to only two prior to the Program, bringing the total to seven. Between 2021 and 2024, the committees facilitated 27 formal applications for recognition, of which 13 were verified in 2024, including Long Isun, while the remainder are under review. The Government included Long Isun as part of its MHA verification in July 2024. On November 10, 2025, the Mahakam Ulu District Government MHA verification committee publicly announced the conclusion of the MHA verification process. In addition, the ER Program includes measures that contribute to strengthening legal and institutional capacity at the subnational level, including support to district-level MHA committees, participatory mapping, and coordination with relevant provincial and national authorities. These measures are consistent with the intent of OP 4.10, paragraph 22(a), which calls for strengthening the legal and institutional frameworks applicable to Indigenous Peoples. While the original BSP included provisions linking eligibility for the reward allocation to some form of Government recognition, the revised BSP does not make the reward allocation contingent on the finalization of legal MHA recognition (see Item No. 9). Eligibility is determined by revised BSP eligibility criteria and safeguard provisions, which are designed to avoid exclusion, especially for communities whose formal recognition processes are still ongoing. Participation in ER Program measures is voluntary. In Long Isun, the only ER Program measures reported by the Government to have been implemented are the legal MHA recognition application process and the establishment of an MPA, both requested by the community. Neither have introduced adverse environmental or social impacts or risks for forests or local communities.

No.	Claim	Response
		With respect to OP 4.36, Management notes that the Program does not alter forest management arrangements or decision-making authority in Long Isun. No forest management activities or restrictions have been imposed under the ER Program that would affect the community's customary use of forest resources. As evidenced by the progressing legal MHA recognition, it has also not adversely affected the community's territorial claim. As such, the Program has not constrained the participation of forest-dependent Indigenous Peoples/*adat* communities in forest-related decisions, nor limited their ability to benefit from forest resources in a manner consistent with their rights and livelihoods. See also Item No. 32. OP 4.36, paragraph 1, provides a general statement of the policy's objectives and paragraph 3 describes the policy's scope of application. Paragraph 2 pertains to forest restoration and plantation development; however, the Project does not finance physical investments of this nature.
12.	***G. Forced Inclusion Despite Revocation of Consent (12)*** Even after Long Isun revoked their consent and opted out of the Project, the community was prevented from truly exiting. Their forests, protected for generations through their stewardship, continue to be included in ER Project benefit calculations. This means the Government of Indonesia profits from Long Isun's conservation efforts, while the community itself is denied recognition, benefits, or autonomy.[22] This amounts to appropriation of ecosystem services and a violation of collective sovereignty, violating OP 4.10 para. 11 on FPIC, as well as OP 4.12, para. 3 and OP 4.01. Compounding this, ER Project funds have already been channeled into Long Isun's Village Account without our consent. These funds remain untouched, but their presence risks administrative consequences: If spent, they may be used as evidence of Long Isun's	***Long Isun formally and voluntarily opted out of the ER Program and no ER-related funds were transferred to the community. The jurisdictional emissions accounting framework does not appropriate, monetize, or attribute ecosystem services or conservation outcomes to individual territories, including the territory claimed by Long Isun.*** See Item No. 7 regarding Long Isun's decision to opt out. Regarding inclusion of forest areas: The inclusion of forest areas in jurisdiction-wide emissions accounting does not amount to an appropriation of ecosystem services from Long Isun. Jurisdictional accounting methods adopted for this ER Program do not differentiate ER based on individual land titles or territories. The jurisdictional approach aims to provide an incentive to address landscape-level deforestation and its drivers, reducing leakage[23] by accounting for emissions and protections across the whole landscape rather than allowing land-use changes to shift to neighboring areas. This means there is no mechanism

[22] Project Appraisal Document (Report No: 149795-ID), page 17.

[23] "Leakage" refers to a situation when emissions reductions achieved in one area cause increased emissions somewhere else, hence offsetting the climate benefit.

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No.	Claim	Response
	consent. If unspent, they could be classified as "silpa," marking the community as incapable of managing funds. This label could have long-term repercussions, undermining Long Isun's credibility and jeopardizing future opportunities for financial management. This harm shows how the ER Project not only disregards Long Isun's decision to reject participation but also actively uses their territory and governance structures against them.	to identify and remove ER calculated for any individual territory. Conservation outcomes are not attributed to individual communities, and the accounting framework does not assign or monetize ecosystem services at the village or customary/*adat* territory level. Payments allocated to beneficiaries—including communities—do not correspond directly to a portion of the ER payment which they "earned" for the Government, or to the areas of forest they manage. As such, the Government of Indonesia does not "profit" from Long Isun's conservation efforts. This is especially true for forested areas managed by Long Isun, which had historically low rates of deforestation, and thus would have contributed very little to ER, if at all. Still, Long Isun stewardship of forest resources deserves to be recognized. That is why the BSP allocates the financial benefits of the Program not only to communities who would have otherwise caused deforestation and greenhouse gas emissions but also to a wide range of communities located in and around standing forests, in line with principles of fairness and to reduce any perverse incentives linked to deforestation. The Program thus proposed that Long Isun receive a portion of the ER proceeds to *reward* its prudent forest management, rather than because it *generated* those ER proceeds. In sum, the ER Program does not introduce changes in land tenure, *adat* rights, forest management arrangements, or to Indonesian forest law. The Government has confirmed to the Bank and provided evidence that no FCPF funds have been transferred to Long Isun's village account. The IEF confirmed that there are no records of such transfer, and the village administrator confirmed it had not submitted a funding proposal. Reports shared with the Bank show Long Isun on the list of eligible villages, with an allocation volume of IDR378,000,000, but the records of disbursements shared with the Bank do not include Long Isun.
13.	***Indigenous Peoples losing their jobs or their livelihoods (13)*** The ER Project also threatens the very foundation of Long Isun's livelihood systems, which are closely intertwined with their culture and identity. For generations, the community has sustained itself through small-scale logging, controlled swidden farming (including rotational burning), and hunting. These are not	***The ER Program did not introduce or impose any new forest use restrictions in Long Isun; existing national laws already regulate burning with explicit exemptions for customary/adat practices. The cited awareness campaign from 2023 is unrelated to the ER Program, and no ER Program measures implemented in Long Isun resulted in access restrictions or livelihood impacts.***

No.	Claim	Response
	destructive activities. They are traditional practices rooted in ecological knowledge and sustainable cycles, ensuring that the forest is both used and preserved for future generations. Because Long Isun remains unrecognized as MHA, we lack legal standing to secure our customary territory. This exposes us to overlapping concessions, such as REDACTED amongst others, and creates a precarious situation where our livelihoods can be restricted at any time by state or corporate actors. Instead of providing protections, the ER Project has aggravated this precarity by embedding forest use restrictions without securing land rights. Shortly after the Project's socialization, local authorities including Batu Roq Kesatuan Pengelolaan Hutan (KPH)[24] began to issue prohibitions against burning, undermining the community's rotational farming system (Annex 6).[25] For Long Isun, controlled burning is essential to restore soil fertility and ensure food security. Prohibiting this practice, without providing viable alternatives, directly threatens household subsistence and increases dependency on external programs. This is not hypothetical. Families have already expressed fear that abandoning their swidden cycle will leave them without enough land for cultivation, threatening their ability to feed themselves.[26] If continued, these prohibitions risk pushing Long Isun into food insecurity and dependency on government handouts or corporate partnerships, arrangements that they neither chose nor trust. The SESA acknowledged that REDD+ programs may restrict customary practices such as swidden farming, and that restrictions risk harming communities if not accompanied by	The ER Program did not issue and/or impose new regulations related to forest use restrictions or forest fire prevention in Long Isun. In Indonesia, clearing land by burning forest for permanent land conversion is expressly prohibited by law, as stipulated in Article 22, point 24 of Law No. 11 of 2020 on Job Creation (the "Job Creation Law"), which amends Article 69, paragraph (1) letter (h) of Law No. 32 of 2009 on Environmental Protection and Management (the "Environmental Law"). However, the law allows the traditional use of fire by customary communities that carry out such land clearing for traditional swidden agriculture practices under specific conditions, including the controlled burning of a maximum of two hectares per household, to be planted with local varieties of crops, surrounded by firebreaks to prevent the spread of fire to surrounding areas. This means that national legislation allows land clearing by burning under these conditions. These conditions apply in Long Isun. Management has confirmed with local authorities that Long Isun's customary *adat* council (not FMU rangers) follows and enforces these practices during the planting season, that local authorities are aware of them and impose no restrictions, and that no complaints by Long Isun have been filed with the local authorities (FMU or Forest Agency) about restrictions. Furthermore, the authorities confirmed that no early fire warnings have ever been received that indicated escalation of forest fires in Long Isun that would have warranted intervention by the local authorities. It is therefore unclear on what basis impacts on the livelihoods of the Long Isun community would result from the Project. Annex 6, submitted by the Requesters, shows the banner of an unrelated government campaign. The banner states: *"Stop forest and land fires. Protect and love our environment."* This message was part of a

[24] Project Appraisal Document (Report No: 149795-1D), page 19-20 states that KPH is a part of the ER Project whose responsibility includes supervising, facilitating, and monitoring the implementation of Fire Prevention and Control activities carried out by concessions and local communities.

[25] These prohibitions reflect a broader trend in national and regional policy frameworks that criminalize traditional indigenous practices of controlled burning. Notably, Presidential Instruction (lnpres) No. 3 of 2020 on the "Forest and Land Fire Management," and Law No. 32/2009 on Environmental Protection and Management, empower authorities to penalize any form of land or forest burning, without adequate distinction for customary, small-scale, and ecologically sustainable practices. Together, these instruments have increased the vulnerability of Indigenous Peoples across Kalimantan to criminalization for engaging in customary land management.

[26] Interviews by Accountability Counsel during September 2025 visitation to Long Isun.

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No.	Claim	Response
	safeguards or alternatives.[27] The ESMF also recognized that tenure insecurity could expose Indigenous Peoples to livelihood loss.[28] Yet the Bank failed to provide mitigation measures, livelihood alternatives, or protection mechanisms. Instead, it allowed the Project to move forward in a way that criminalizes culture and undermines resilience. OP 4.10 obligates the Bank to avoid adverse impacts on Indigenous livelihoods and to provide culturally appropriate benefits. Restrictions on swidden farming and logging without alternatives are in direct violation. No FPIC was sought for prohibitions on burning or restrictions on forest use. By allowing such restrictions to proceed without FPIC, safeguards, or alternatives, the Bank has enabled the erosion of livelihoods and Indigenous resilience. This contravenes multiple safeguards, including OP 4.01, paras. 2-3, OP 4.10, para. 16, OP 4.12, para. 2(b) and 3, and OP 4.36, paras. 1-3. If the Project continues in its current form, Long Isun risks losing the traditional livelihood systems that have sustained us for generations, being criminalized for practicing our culture, and being forced into dependency on government or corporate actors. Instead of reinforcing indigenous stewardship, the Project erodes the very systems that have preserved the forest and enabled emission reductions in the first place.	public awareness campaign on forest and land fires that took place in 2023 (not 2019, as stated in the description in the Annex) and the banner is typically displayed near forested areas, particularly during dry El Niño periods, such as occurred in Kalimantan in June-October 2023. It was issued by the District Disaster Risk Information Services and does not refer to the ER Program. It also does not constitute a restriction or prohibition on swidden agriculture and/or controlled burning practices in Long Isun that would affect the livelihood of Long Isun communities. The SESA acknowledged several ER Program measures, such as Component 3.3. of the ER Program, implementation of HCV and Reduced Impact Logging policies for forestry concessions, which could potentially lead to access restrictions. Mitigation measures to address these impacts are outlined in the ESMF, RPF, and IPPF. However, the Government reported that during 2019–2024, the only ER Program measures implemented in Long Isun were support for legal MHA recognition and the establishment of an MPA. These were technical assistance activities and did not introduce access restrictions and/or livelihood loss.
14.	***Violence against the community (actual or feared), by security forces or others acting in the interests of the project (14)*** The ER Project has also heightened Long Isun's exposure to violence and criminalization, both real and anticipated. When Long Isun rejected the Project, they were stigmatized as "troublemakers" and "stupid" by communities that had accepted it. This labeling alienated Long Isun from neighboring villages,	***Management has consistently expressed to the Government that the Bank does not tolerate any threats of violence or intimidation of any form. Given Long Isun's territorial disputes, fears or anticipation of violence are understandable, but Management does not agree that the design of the BSP heightens these risks. Furthermore, Management has not received any reports of violence associated with the Project.***

[27] SESA, page 37 identified: *"Potential to limit access and activities of communities in utilizing the land, forest products, both wood and non-wood, in HCV areas and potential conflict with companies."*

[28] ESMF, page 55 states: *"Another notable issue that needs specific attention is that improvement of land governance may potentially cause access restrictions due to policies that allow license holders to limit the access of Adat communities and other forest dependent communities from a parcel of land. This may impact the livelihood patterns of these communities."*

No.	Claim	Response
	deepening social divisions, and exacerbating territorial disputes. Instead of reducing tensions, the Project's structure has reinforced and inflamed pre-existing conflicts. This fear is grounded in history. As previously noted, Long Isun members have already suffered criminalization and violence linked to the land boundary conflict with REDACTED. In 2014, a villager named REDACTED was arrested, detained, after he tried to stop REDACTED's illegal logging in Long Isun territory. Despite the absence of evidence, the case against him has REDACTED. This prolonged legal harassment demonstrates how easily the legal system can be weaponized against Indigenous defenders. The design of the BSP increases the likelihood of such violence recurring. By forcing unrecognized communities into partnerships with concessionaires under the Performance Allocation, the Project creates a system where Indigenous Peoples must work alongside or under the authority of private actors who have historically harmed them. For Long Isun, being compelled into partnerships with REDACTED or similar actors is not simply inappropriate; it is dangerous. It effectively reopens avenues for corporate-backed criminalization, intimidation, and potential violence against community members who defend their rights. The Project also incentivizes government authorities and concessionaires to maintain control over forested territories, including disputed areas. This entrenches their interest in operating within Long Isun's lands and increases the risk that security forces or private militias will be mobilized against the community. In this way, the Project has amplified the potential for violence rather than mitigating it. This constitutes a violation of the Bank's obligations under OP 4.10 para. 10(b), which requires projects to avoid adverse impacts on Indigenous Peoples' lands, resources, and security. OP 4.12, para. 3 prohibits involuntary restrictions on land access or resource use without compensation or consent, yet, in this case, rejection has been met with threats and	***Alleged stigmatization.*** The ER Program respects each community's choice to participate or not in the Program. The allocations of eligibility status of other communities have not been affected by Long Isun's decision to opt out, nor does its decision have a bearing on the territorial dispute with a neighbouring community. ***BSP design.*** There are no requirements for communities to enter into "partnerships" with concession holders in the original or revised BSP, under any of the allocations. The statement that communities must "work alongside or under the authority of private actors" under the performance allocation is incorrect. It is also not correct that Long Isun has been or would be compelled into partnerships with any concessionaires. Government-led activities outlined in the ERPD—which are not financed by the Bank—may include conservation partnerships and implementation of forest monitoring activities with private sector actors. However, participation in these activities is not a condition to receive funds through the BSP, nor a condition of eligibility for any of the allocation categories. ***Management also does not agree that the Project would incentivize Government and private sector to control disputed territories. To the contrary,*** the Project incentivizes stronger support for customary/*adat* rights and title, and fairer treatment of local communities (including those involved in land disputes) to help address drivers of deforestation, which largely arise from commercial activities. Specifically, the ER Program emphasizes the importance of supporting Customary Forest/*Hutan Adat* management practices, while the ER Program promotes acceleration of MHA recognition and support for *adat* communities. The ER Program and BSP also provide mechanisms for improved visibility and grievance channels for affected communities, by requiring the Government to report on the performance of the GRM, and to report any issues or incidents, including threats or acts of violence. OP 4.10: Management wishes to clarify that OP 4.10, paragraph 10 (b) refers to requirements for consultation and participation methods, which were implemented for the Program. OP 4.12: The only ER Program measures implemented in Long Isun were support for the legal MHA recognition process and the establishment of an

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No.	Claim	Response
	reprisals, amounting to coercion. OP 4.36, paras. 1-3 emphasize that forest- dependent communities must be supported to manage and benefit from forests without coercion or exclusion. OP 4.01 paras. 2-3 require the Bank to take adequate measures to prevent, minimize, mitigate, or compensate for adverse environmental and social impacts, yet they failed to do so. Instead, the Project's structure empowers external actors to enforce control over Long Isun's territory. It also contravenes the Bank's human rights commitments to ensure communities are not exposed to harm through Bank-financed activities.	MPA, which did not generate any direct economic or social impacts resulting from involuntary resettlement or restriction of access to legally designated parks or protected areas, which are the triggers described in OP 4.12, paragraph 3. OP 4.36: Regarding OP.4.36, see Item Nos. 11 and 32.
15.	**Retaliation for raising concerns about this project (actual or feared)** When Long Isun raised their concerns about the ER Project, they were met with coercion and retaliation rather than meaningful engagement. On 11 June 2024, Long Isun representatives refused an invitation to attend a consultation on the FCPF out of fear that their presence would be misrepresented as consent to the Project. Their refusal was met with written threats REDACTED that *"if* Long Isun *representatives were not present at the meeting, village funding would be withdrawn"* (Annex 7). Faced with this ultimatum, Long Isun representatives attended under duress but refused to sign the *berita acara* (official statement) that resulted from the consultation. Several other Dayak Bahau communities also refused to sign.[29] This episode shows how the Project created a climate where communities were forced to choose between asserting their rights or risking the loss of critical village resources. Threats also extended to allies. After the complaint was filed to the GRS, PNP was warned in informal conversations that pursuing the case would mean *"PNP risks being antagonized by all 10 districts for impeding World Bank funding and preventing the MHA recognition* process *in these districts."* This was coupled with insinuations that the complaint was driven by "foreign intervention,"	***The Bank promptly and consistently responded to Long Isun's stated fears of reprisals, including by raising such concerns with the Government at the national and provincial level, stressing the need to protect complainants, victims, and witnesses from any form of threat, intimidation, or reprisal.*** Management agrees that complainants should be protected from any form of threat, reprisals, or retaliation as confirmed in the Bank's Commitments Against Reprisals. Consistent with that commitment, Management engaged authorities and escalated concerns to the provincial and then national government. While no written evidence of threats was shared with Management, verbal accounts by representatives of Long Isun of their fears of reprisals were met with rapid response. Management sent formal letters in April 2024 to both the Ministry of Environment and Forestry[32] and the Provincial Government of East Kalimantan, highlighting the absolute necessity of protecting complainants, victims, and witnesses from any form of threat, intimidation, or reprisal. The Bank also communicated this requirement verbally at a meeting held in June 2024 with the Ministry and the Provincial Government, in response to Long Isun's further allegations of intimidation. Upon the complainants' decision to lift their anonymity in September 2024, the Bank reiterated to the Government its position against reprisals both in writing and verbally in September and October 2024.

[29] PNP immediately notified the GRS of this incident on 25 June 2025 through a written communication.
[32] Which was split into two Ministries in October 2024.

No.	Claim	Response
	a statement designed to discredit Long Isun's concerns and isolate both the community and their advocates.[30] The World Bank has clear obligations to prevent and address reprisals. OP 4.01, para. 14, OP 4.10, paras. 10-11 and OP 4.12, para. 8 emphasize the spirit of FPIC that consultations with Indigenous Peoples be carried out in good faith, with respect for their decision-making processes and without coercion. Consultations carried out under threat cannot be considered meaningful participation. When fear of reprisal shapes who attends, what is said, and how decisions are recorded, the entire safeguard framework collapses. The Bank's failure to uphold these protections has not only eroded trust but has endangered the very people the safeguards are meant to protect. The World Bank's 2018 Retaliation Response Framework requires that grievance mechanisms be safe, accessible, and free of coercion. Yet despite being immediately notified of these threats through written communications with the GRS,[31] the Bank took no meaningful steps to protect the community or their allies. By failing to act, the Bank has allowed reprisals to take place in the shadow of its Project, undermining the community's right to safe access to consultations and complaint processes without fear of retaliation.	In a letter sent by the Forest Peoples Programme (FPP) on November 25, 2024, the complainants acknowledged and commended the Bank for *"taking proactive steps by issuing written concerns to both regional and national government representatives regarding the persistent acts of intimidation and retaliation directed at Long Isun and their representatives following the submission of the GRS complaint. These communications represent an important step in addressing the serious allegations of intimidation and retaliation."* ***Management further notes that no additional incidents were reported. During the Bank's mission to Long Isun in February 2025, Long Isun community members confirmed that the community had not experienced any retaliatory nor intimidatory acts since their opt-out decision was confirmed. While considering the matter addressed at the time, Management reiterated its request that the Bank be alerted if any such acts should reoccur.***
16.	**Gender-based violence, exclusion, or discrimination (16)** For the women of Long Isun, the forest is not only a resource but a sacred foundation of life and culture. Women gather herbs for medicine, collect plants for making the traditional *Seraung* hat, and gather non-timber forest products to support household income. Their roles in farming, food security, and cultural transmission are central to the community's survival. Yet, the ER Project has disproportionately harmed Indigenous women, while failing to recognize, assess, or mitigate	***Risks of exclusion of women were identified during Project design, and mitigation has been built into the design of the BSP. Management is not aware of any adverse impacts on women which have occurred as a result of the ER Program measures or implementation of the BSP.*** ***Gender assessment.*** A gender analysis was performed for this Project (Project Appraisal Document, paragraph 79, and Annex 11. Gender Analysis, page 99), consistent with the requirements of OP 4.01 to assess social risks, which identified that women face cultural and economic barriers to participating in

[30] Veiled threats were made. REDACTED. PNP immediately notified the GRS on 27 March 2024.

[31] Immediate notifications through a written communication regarding the retaliations to the Bank were made on 27 March 2024, 25 June 2024, 5 August 2024, 29 August 2024. Annex 7.

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No.	Claim	Response
	these impacts. This violates core provisions of OP 4.01, OP 4.10, and OP 4.12.	decision-making and in development planning processes. ***Gender inclusive framework.*** In support of the objectives of OP 4.10 to address gender issues that exist among Indigenous Peoples, the Government acknowledged in the ERPD and REDD+ Strategy the importance of mainstreaming gender and social inclusion in the implementation of REDD+ and benefit sharing. For ER Program measures, this includes the establishment of a Gender Working Group (*Pokja* Gender mainstreaming) under the Provincial Development Planning Agency to assess and track data on gender disparities across sectors/ public investments in East Kalimantan, including forest management. ***Mitigation.*** The BSP upholds the goal of securing women's participation at the village level in decision-making processes. See BSP (2025) page 39, describing the need to ensure women's representation, in line with the requirements of Village Law No. 6, which prioritizes inclusion. ***Extensive, gender-sensitive stakeholder engagement was conducted during revision of the BSP and IPP from July to September 2025.*** Over 1,000 participants from all 7 districts, including more than 20 local CSOs and IPLC organizations, participated in six consultation events held at provincial and district levels. More than 20 percent of participants in the consultations were women and all were encouraged to raise concerns specific to their needs. Their attendance and participation were encouraged, including by providing options for childcare or other attendants to accompany women who wished to participate (to offset the real or perceived risks of women travelling alone and to facilitate their active participation), and by ensuring female facilitators/moderators were present in all consultation events. ***Management is not aware of any alleged harm to women, indigenous or not, as a result of the ER Project, nor of any loss of livelihoods.*** No issues negatively affecting women were brought up in any previous meetings with the affected community in Long Isun or their representatives since direct discussions with them began in 2024 following the submission of the GRS complaint. No negative impacts on women were identified in the TPM Report,

No.	Claim	Response
		the E&S Management Report 2021-2024, the ESDD 2019-2020, other complaints, or during consultations.
17.	***A. Exclusion from Decision-Making Processes (17)*** Consultations and meetings on the Project were neither inclusive nor gender-sensitive. Some women were present, but not given enough opportunities to speak or to access information in forms that were understandable or culturally appropriate. In some cases, they were not informed of meetings at all. There has not been any specific women consultation meetings to ensure that the women in Long Isun were meaningfully engaged in the Project. This exclusion stripped women of agency in decisions about land and benefits, directly contravening Bank safeguards, particularly OP 4.01, para. 14 and OP 4.10, para. 10 which requires meaningful participation of women and marginalized subgroups.	***Management acknowledges that consultation activities in Long Isun were limited, but this does not support the claim that they lacked gender sensitivity.*** As detailed in Item No. 3, Mahakam Ulu was not reached during the community-level consultations conducted in 2019 due to COVID-19 restrictions, thus limiting opportunities for engagement at that level during this period. Consultations were undertaken at program level, (2019-2023), for specific ER Program measure implementation (2020-2024), and for the distribution of the advance payment to pilot the BSP (2023-2025). However, some of these consultations were limited by restrictions imposed by the COVID 19 pandemic, and some meetings were not held as planned, including in Long Isun. Following the submission of the GRS complaint received in August 2024, the Provincial Government team conducted a meeting on August 13 (as mentioned in the Request) to try and clarify some misunderstandings around the Program and better explain the BSP, including eligibility requirements. Management has been informed by the Government that women attended this meeting and a female facilitator who is an expert in gender-sensitive facilitation and IPLC inclusion was assigned to lead the meeting. Management has spoken directly to the facilitator to verify this report. The Bank team also conducted a consultation meeting with Long Isun in February 2025. This meeting involved women's groups, including the female head of the community assembly and female farmers groups. Gender sensitive consultations are planned as part of the BSP distribution of the 2025 final ERPA payment. These would also reach Long Isun, if the community decides to opt back into the Program.
18.	***B. Harm to Livelihoods (18)*** The Project's restrictions on land and forest use have directly undermined women's livelihoods. Women depend on forest resources for food security, medicinal plants, and small-scale economic activities like *Seraung* weaving and foraging. After Project socialization, local authorities issued prohibitions on burning,	***Management is not aware of any prohibitions introduced on burning for rotational farming following or resulting from the Project. The information provided in Annex 6 of the Request is an unrelated public awareness campaign to prevent forest and land fires and was launched in 2023.*** See Item No. 13, above.

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No.	Claim	Response
	critical for rotational farming, which limited women's ability to sustain their families and created a climate of fear for women who are forest dependent in sustaining their livelihoods. OP 4.12, para. 8 obligates the Bank to identify and mitigate differentiated impacts on vulnerable groups, particularly women, yet no such assessment or mitigation measures were carried out.	In addition, EK Government Regulation (Number 9 of 2024 on Forest and Land Fire Prevention in East Kalimantan) in article 13 explicitly granted exemptions from prohibitions against burning for customary use of fire in agriculture. The Project does not introduce new prohibitions, and Management is not aware of any changes in enforcement of existing restrictions on burning in Long Isun's territory during the Project. As such, Management is of the view that mitigation actions consistent with the requirements of OP 4.12 do not apply.
19.	***C. Increased Vulnerability to Discrimination and Conflict (19)*** Because the Project relies on the Government's MHA recognition process, which excludes unrecognized groups, Indigenous women in Long Isun are doubly marginalized: • Externally, by the government's refusal to recognize their community; • Internally, by the Project's benefit-sharing structure, which conditions access on recognition or partnerships with external actors. This layered discrimination exacerbates existing land boundary conflicts with neighboring communities and REDACTED, increasing women's vulnerability to social tensions and disputes over resources. In these conflicts, women are often the first to suffer from reduced access to forests, food insecurity, and heightened domestic burdens. These outcomes contradict OP 4.12, para. 8 and the World Bank's Gender Strategy 2024-2030.	***The Project follows the Bank's policy for identifying indigenous communities for the purpose of the Project. However, formal MHA recognition is not a Bank process; it is entirely a Government legal recognition process, over which the Bank has no role or authority.*** Delays in recognizing the Long Isun community and conflicts over Long Isun's territory pre-date the Project. Access to benefits from the ER Program are not conditional on recognition or partnership with external actors, nor on holding a specific land title or status. Allocations of funds to communities through the BSP are determined based on administrative boundaries and forest cover (for the performance allocation, see BSP 2025, page 30, Table 2.3), or based on their identification as *adat*, irrespective of status or location (see BSP 2025, page 31, Section 2.4). Please refer to Item No. 9 regarding the design of the BSP. The Bank is not aware of reports on reduced forest access or heightened domestic burdens, and no such concerns were raised, including by representatives for FPP and PNP during the TPM process,[33] which assessed ER Program implementation to date and distribution of the advance payment through the BSP.
20.	***D. Violation of FPIC Standards (20)*** FPIC processes under the Project excluded women's voices and perspectives. Women were not given culturally appropriate information, nor genuine opportunities to express their consent or dissent. During a visit by PNP and AC in August 2025, many women admitted	***Community-level consultations under the ER Program included targeted outreach to women, inviting their representatives to participate and encouraging them to voice concerns. Consultation reports recorded women's attendance and participation.***

[33] Daemeter. Final Report: Third Party Monitoring of East Kalimantan Emissions Reduction Program, August 19, 2025. (access here)

No.	Claim	Response
	they did not understand what the Project was about, but expressed fear that they would lose the access to gather plants, herbs, and forest products vital for their livelihoods. This failure violates OP 4.10, para. 11 on FPIC requirements to be inclusive of women and reflective of community decision-making structures.	Across consultations conducted from 2020 to 2023 in 155 villages, there were 5,096 participants, of whom 1,749 were women. During public consultations on the BSP revision and the IPP, where the Bank team attended as observers, women were encouraged to speak and appeared comfortable raising questions, concerns, and suggestions. See also Item No. 16, above.
21.	***E. Absence of Gender-Sensitive Grievance Redress Mechanism (21)*** The ER Project failed to ensure that Indigenous women in Long Isun had a safe, accessible, and meaningful way to raise project-related concerns. Women in Long Isun are among the most affected, particularly because restrictions on forest access directly threaten their roles in food gathering, weaving materials, traditional medicine, and household livelihoods. Yet minimal effort was made to ensure that women could participate in consultations, benefit-sharing discussions, or grievance processes in ways that reflected their needs, schedules, and cultural roles. While a grievance mechanism was formally available, it was not designed or implemented in a way that enabled women to use it safely or effectively. No separate outreach to women occurred, no confidential channels were provided, and no safeguards were put in place to ensure that women could speak without fear of community backlash or retaliation tied to ongoing land conflict. As a result, women were effectively silenced in processes that directly affect their rights, livelihoods, and security. By treating women as passive recipients rather than equal rights-holders, the Bank failed to uphold its safeguard obligations and perpetuated gendered exclusion in project oversight.	***Grievance mechanisms are accessible to all community members regardless of gender identity. Management has not received any reports nor is there any indication that the existing mechanisms would be unsafe or inaccessible for women to raise concerns.*** Please refer to Items No. 16 and 20 (above) for records of consultative processes in which women participated. Management is not aware of any specific challenges faced by women with regards to feedback and grievance redress, but notes that the Program's safeguards working group at the provincial level—responsible for ensuring and monitoring performance of the GRM—includes several female members who are versed in the requirements of gender-sensitive mechanisms. Management has received no reports or information pertaining to harms to women, including indigenous women, that would result from the ER Program, nor to challenges faced in speaking up about potential or actual harms experienced. No issues negatively affecting women were brought up in any previous meetings with the affected community in Long Isun or their representatives since direct discussions with them began in 2024 following the submission of the GRS complaint, and no negative impacts for women were highlighted in the TPM Report (2025), or the E&S Management Report (2021–2024).
22.	**Prioritization of issues (22)** For Long Isun, the structural problems such as unresolved land tenure, delayed MHA recognition and FPIC integrity are not abstract risks, they are lived harms that can further be exacerbated if left unresolved. Among the many impacts described above, the following are our **highest priorities for resolution:**	***The land boundary conflicts preceded the Project (see also Item No. 11), and while funds may be allocated to activities that support procedural aspects of the verification and conflict resolution processes, the resolution of land boundary conflicts itself is clearly outside the remit of the ER Program.***

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No.	Claim	Response
	1. **Resolution of Land Boundary Conflicts** The ongoing boundary dispute with REDACTED and REDACTED must be formally and fairly resolved to prevent further criminalization, violence, and dispossession. Without resolution, any ER Project activity will deepen tensions, increase vulnerability, and escalate risks.	In 2018, Long Isun's application for legal MHA recognition was rejected due to an ongoing territorial dispute with a neighboring community. In 2024, Long Isun resubmitted its application for recognition. The Bank facilitated Government mediation between the communities, which was a pre-requisite for legal MHA recognition. Further details are provided under Item No. 23, below.
23.	2. **Recognition of Long Isun as Masyarakat Hukum Adat (MHA) (23)** Formal recognition of Long Isun as MHA is essential for securing tenure, protecting ancestral lands, and ensuring equitable participation in benefit-sharing. The absence of recognition leaves the community in legal limbo and perpetuates structural discrimination.	***The legal MHA recognition process is defined by Indonesian law and regulations. Upon request by Long Isun, Management facilitated communication with relevant Government counterparts responsible for processing the MHA application and emphasized the importance of a timely and transparent verification processes. The Bank cannot guarantee specific outcomes, as legal recognition decisions rest with Government authorities, and are outside the scope of the ER Program.*** The legal MHA recognition process is known to be lengthy. A Ministry of Home Affairs Regulation (Number 52 of 2014) on legal MHA recognition requires communities to submit a formal application, describing their historical existence, customary/*adat* territory, customary/*adat* institutions and laws, customary/*adat* assets and artefacts and their genealogical roots. The district government (specifically a district MHA recognition committee) is then mandated to verify the documents before an MHA decree can be signed. The process, as defined by the Regulation, is very complex. The verification process, in absence of conflicts, on average takes 1–2 years. Between 2016 and 2024, the Government issued 169 legal MHA recognitions across Indonesia. It is estimated that there are more than 2,500 *adat* communities in Indonesia. The ER Program is a government-led program that aims to support capacity building of district-level MHA recognition committees—bodies which play a key role in the validation and conflict resolution processes—in support of the goal of accelerating legal MHA recognition. In 2023, 27 *adat* groups in East Kalimantan were verified, and 7 recognized as legally recognized MHA—more than in previous years. The ER Program does not guarantee the outcomes of verification processes, and does not guarantee legal MHA recognition for any specific communities,

No.	Claim	Response
		whose applications must follow the prevailing legal procedures. While not a commitment of the Program or a responsibility of the Bank, Management has regularly requested updates on the status of legal MHA recognition processes in East Kalimantan from the Government. See Item No. 19, above, on allocations of funds.
24.	3. **Fully Honor Any Opt-Out of Community Lands from the Project (24)** As long as Long Isun maintains its decision to reject the Project, this decision must be honored. This requires removing Long Isun's forests and territories from ER benefit calculations for other actors, and ensuring no Project-related funds or activities are imposed on the community without our affirmative consent.	***Jurisdictional accounting methods adopted for this Project do not differentiate ER based on individual land titles or territories.*** This is consistent with the jurisdictional approach – which aims to provide an incentive to address landscape-level issues, while preventing leakage or pressure related to specific concessions or territories. This means there is no mechanism to identify and remove the ER calculated for any individual territories; thus, "opting out" of the Program is relevant in relation to community participation in ER Program measures and benefit sharing, but would not change the total calculated volume of ER. No actor (community or private sector) should be forced to participate in any particular forest conservation action, nor to receive funds through the BSP or participate in activities financed through the BSP. Management—informed by Program reports, the TPM Report, and extensive community consultations—does not have reason to believe any activities have been imposed on communities as a result of the Program, including Long Isun. No Project-related funds have been transferred to Long Isun, nor is there a plan to transfer future allocations of funds unless there is a change in the decision to opt out.
25.	***WB's Contribution to the Harm (25)*** The harms experienced by Long Isun are not incidental, but the predictable outcome of the World Bank's failure to comply with its own safeguard policies and risk assessments. The Bank proceeded with the ER Project despite being fully aware of structural issues: land tenure conflicts, delayed recognition of MHA, and risks of exclusion, identified in its SESA and ESMF. Instead of ensuring preventive or corrective measures, the Bank's design choices, omissions, and acceptance of flawed processes	***Management notes that all issues brought to the Bank's attention throughout the course of implementation—including issues brought to Management's attention by Long Isun—have been addressed as a priority, including requiring the Government to address gaps in safeguards reporting, and revise the BSP before the final ERPA payment was made.***

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No.	Claim	Response
	deepened discrimination and contributed directly to the harms now faced by Long Isun.	
26.	***Proceeding in the Absence of Genuine FPIC and Forcing Participation of Indigenous Peoples (in violation of OP 4.10: 6, 10 and 11) (26)*** The Bank allowed the ER Program to advance despite the absence of FPIC from the Long Isun community. As documented in the harms section, in 2024 Long Isun representatives were invited to what they were told was a meeting to discuss their MHA recognition process, a critical and long-delayed structural issue. Instead, the meeting was repurposed to socialize the ER Project, and the attendance sheet was later misrepresented as evidence of consent. Upon discovering this, Long Isun formally revoked the manufactured "consent" and clearly communicated their decision to opt out of the Project. Despite this, the Bank and the Government of Indonesia proceeded with implementation and continued to include Long Isun's territory in benefit-sharing calculations, thereby disregarding the community's expressed will. This forced inclusion undermines Long Isun's sovereignty and collective rights, effectively nullifying their opt- out decision. This constitutes a direct violation of OP 4.10. […] By allowing implementation under these conditions, the Bank failed to ensure genuine FPIC and instead facilitated a process that was fraudulent, coercive, and discriminatory. This not only violated safeguard obligations but also entrenched mistrust and deepened the structural vulnerability of Long Isun.	***Please refer to Item Nos. 2, 3 and 4 on consultations, and to the ESMF and IPPF on requirements for Program-level consultations.*** The Bank sought clarification from the Provincial Government regarding the August 2024 meeting. Accounts by both Government officials and civil society members given to Management note that the decision to combine the MHA and FCPF in one meeting was made due to last-minute changes in the availability of the meeting facilitator and the necessary travel arrangements. The meeting was originally scheduled to focus on legal MHA recognition. The MHA discussion did take place, along with the FCPF presentation. A member of the Safeguards Working Group explained to the Bank that while not originally announced in the meeting agenda, the FCPF presentation was not intended to coerce communities to provide consent, and the attendance sheet was never used as evidence of consent. Following the meeting, the community had two weeks to deliberate and decide on whether to participate in the ER Program. The community submitted a formal letter stating its decision to opt out and this was acknowledged, as explained above in Item 4.
27.	***Designing a BSP that Institutionalizes Discrimination - Even in the ongoing Draft Revision (in violation of OP 4.01: 14; OP 4.10: 11, 12, 18, and 22; OP 4.36: 1-3, 13-15) (27)*** As discussed above […], even with the ongoing revision of the Benefit Sharing Plan (BSP), the structural flaws remain, particularly for Long Isun. In the original version of the BSP,	***Management recognizes the challenges faced by IPLCs in East Kalimantan, including patterns of discrimination. However, these are complex social and political issues that pre-date the ER Program, and do not support the claim that the BSP design would institutionalize discrimination. Management notes that the "draft revision" of the BSP noted in the Request was finalized by the Government and approved by the Bank in November 2025, following***

No.	Claim	Response
	Reward Allocations are reserved for recognized Indigenous communities/MHA, with strict eligibility barriers, whereas non-recognized Indigenous communities (such as Long Isun) are only eligible for Performance Allocations, which require partnerships with government bodies or concessionaires. While certain advocacy gains have been made in the September 2025 draft revision of the BSP, they are insufficient to ensure equitable access to benefits for unrecognized Indigenous Peoples. ***Barriers Remain in the Benefit Sharing Plan Despite Inclusion on Paper*** a. Reward Allocation: Barriers Remain Despite Inclusion on Paper Under the revised BSP, unrecognized groups such as Long Isun are now nominally eligible to access Reward Allocations. This change is presented as a safeguard, but in practice, the barriers remain significant and discriminatory: - Contingent on Pokja validation: Access to Rewards is dependent on validation by the Pokja, a government-led body with broad discretionary power. The Pokja is neither transparent nor accountable, lacks Indigenous representation, and offers no appeals mechanism if benefits are denied. This structure enables exclusionary decision-making that undermines the rights of unrecognized Indigenous Peoples. - Proposal requirements and gatekeeping: Communities must submit "simple proposals," facilitated by Intermediary Agency 2 (IA2) or subcontracted NGOs. While this appears supportive, it imposes a new layer of gatekeeping. Long Isun has already experienced how government-managed facilitation can be manipulated to misrepresent community consent, as seen in the sham FPIC meeting. This raises serious risks that proposals could be used to coerce, misinterpret, or dilute Indigenous priorities.	***a process of public consultations in which FPP and PNP participated.*** **Pokja *validation.*** As described on page 32 of the BSP (2025), civil society members are represented on the *Pokja*,[35] the express purpose of which is to provide a trustworthy, civil-society-led avenue to access benefits. Moreover, responsibilities for community outreach, including consultation activities to inform potentially eligible groups of the option to access grants through the reward allocation, have been delegated to SIAs. Broad-based consultation processes in East Kalimantan during July-October 2025 identified these channels as appropriate methods to engage NGOs and community representatives in the process of IPLC outreach and validation, so that they might receive funds. ***Proposal requirements*** have been streamlined compared to the original BSP (2021), which also solicited proposals via community facilitators hired by the SIAs. These facilitators are trained in participatory planning practices, and no reports have been received of coercion linked to proposal solicitation during the advance payment distribution. The model adopted is based specifically on a suggestion made in writing by the complainants in the GRS case, dated April 7, 2025, to adopt community-driven funding mechanisms similar to the Global Environment Facility's Small Grants Programme (SGP), where *adat* groups received small grants via NGOs. ***Engagement of Indigenous/*adat *community organizations.*** Engagement with *adat* community organizations is a requirement in the BSP. The BSP specifically requires expertise (which can be secured either through individual representatives or organizations), particularly in community outreach and safeguards activities, and in working with *adat* communities (see Annex 4 of the BSP, specifically the "Required Qualifications" for social impact assessment). Management notes that in seeking to identify "trusted" IPLC organizations, it became evident that some leaders are not able or willing to undertake direct implementation roles given the significant administrative burden of channeling funds to hundreds of communities. For this reason, the requirements for representation and experience were

[35] In Indonesia, "*Pokja*" is short for *Kelompok Kerja*, which translates to "working group." It refers to an officially established, task-based group with defined roles, authority, and a specific mandate.

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No.	Claim	Response
	- Discretionary engagement of Indigenous organizations: The revised BSP permits IA2 to engage Indigenous organizations and CSOs only "where needed," with no binding obligation.[34] This vague language fails to guarantee the inclusion of trusted Indigenous Peoples' organizations, undermining cultural competence and FPIC principles, and leaving communities with little assurance that their rights and perspectives will be respected. Thus, while the Bank claims that Rewards are accessible to all Indigenous Peoples regardless of recognition status, the process remains opaque, government-controlled, and exclusionary. For Long Isun, already unrecognized as MHA and locked in conflict with both government agencies and concessionaires, this framework entrenches dependency and strips the community of agency.	made clear, while the exact mechanisms were kept flexible.
28.	b. (28) Performance Allocation: Forced Partnerships and Subordination of Adat Priorities The Performance Allocation scheme continues to be mediated through provincial and district agencies, and in some cases concessionaires, to deliver monetary and non- monetary benefits. This model is structurally harmful to Long Isun because: - Unsafe partnerships: The community's unresolved conflict with REDACTED makes any partnership with concessionaires unsafe, retraumatizing, and unacceptable. - Power imbalances: Government agencies have historically sided with concessionaires against Indigenous communities. Conditioning benefits on partnerships with these actors deepens asymmetrical power relations. - Bypassing Indigenous governance: By channeling benefits through external actors, the BSP disregards Long Isun's Adat governance structures and subordinates	***There are no requirements for communities to enter into partnerships with private concession holders under the original or revised BSP. Moreover, concession holders do not receive funds through the BSP, and transfers to communities are not contingent upon any activities involving concession holders.*** The 2021 BSP did designate provincial and district agencies as "benefit managers" for monetary and non-monetary benefits, namely the delivery of "non-monetary benefits" through district and provincial agencies, who (i) implement ER Program measures, and (ii) have roles in reviewing proposals for community activities. The 2025 revision streamlined arrangements to afford greater discretion for communities to manage funds in accordance with their own procedures and priorities. While government agencies may allocate portions of their funds to activities that involve concessionaires, such as improving sustainability of their operations, there are no requirements for communities to participate in these activities, nor is eligibility for

[34] BSP version September 2025, page 18.

No.	Claim	Response
	Indigenous priorities to government and village elite agendas. This model denies Indigenous Peoples the right to self-determined development and violates OP 4.10 para. 11-12 that requires culturally appropriate benefits for Indigenous Peoples. The development of the BSP has also violated OP 4.01, para. 14, which requires inclusive consultation and participation, which never happened with Long Isun. Furthermore, the discriminatory benefit sharing scheme violates the OP 4.36, paras. 13- 15, which emphasize community-based forest management as the preferred approach, yet the BSP subordinates community governance and customary institutions to government and private actors-led mechanisms.	community allocations contingent upon them working with concessionaries. ***Performance allocation and allegedly unsafe partnership.*** Please see Item No. 9. ***Alleged bypassing of indigenous governance.*** The BSP provides two channels to access funds (reward and performance), because some communities may be less inclined to participate in village government-led processes. However, even within the village government-led processes through which the performance allocation is channeled, Village Law No 6 mandates consultation with *adat* leaders in the territory, and the BSP requires additional facilitation and consultation to strengthen implementation of this requirement.
29.	***Structural Imbalance and Delayed Access to Benefits (29)*** The BSP design creates a hierarchy of access that systemically disadvantages Indigenous Peoples: • Government agencies are first in line, receiving benefits within the first year. • Village governments may access benefits within 3-6 months of preparing proposals, often by the second year. • Indigenous Peoples, particularly unrecognized groups like Long Isun, are pushed to the end of the chain, their access contingent on forced partnerships with concessionaries, dependent on Pokja validation, proposal submissions, and multiple screenings, with no guarantee of approval.[36] This sequencing effectively ensures that government institutions are prioritized, while Indigenous Peoples face delays, hurdles, and uncertainty. For Long Isun, this is exclusion and discrimination in practice, which are in violation of OP 4.10 para 11-12.	***Management notes that the mechanics of funds management and safeguards implementation require a phased approach to implementation. In the BSP, government agencies and their SIAs need to establish administrative and community engagement systems before funds can flow. Checks and balances are built into the BSP to ensure communities do receive funds. These include monitoring and audit requirements, and requirements that government agencies do not receive performance allocations for ER Program measures until the institutional arrangements to support community transfers are established.*** The timeline of BSP implementation reflects the responsibilities of government agencies to (i) subcontract SIAs who will implement community outreach and consultation activities; and (ii) undertake administrative functions to support funds channeling. It is not possible to channel funds to other groups in the absence of basic administrative functions being performed, including the logistically challenging requirements for outreach and registration of IPLC groups in remote areas (see BSP community outreach requirements). Training community facilitators and paying their salaries are prerequisites to respectful and informed community engagement, and the foundation for communities opting in to receive funds. As such, the different timelines do not reflect discrimination or

[36] BSP version September 2025, funds transfer for Indigenous Peoples might happen between the 19-36 months since the start of BSP implementation, page 30.

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No.	Claim	Response
		disadvantage, but rather the realities of project implementation. Moreover, the BSP stipulates that funds for government agency activities beyond the administrative and safeguards roles—i.e., for additional ER Program measures—may not be transferred until implementation arrangements for the community allocations are in place (BSP 2025).
30.	***Lack of Pathways for Indigenous Agency (30)*** Most critically, the revised BSP provides no pathway for Long Isun to pursue their own development priorities consistent with their adat systems. Instead, their access to benefits is conditioned on submission to government-controlled processes that subordinate community sovereignty. This directly contravenes OP 4.10 para. 12, which requires that Indigenous Peoples receive culturally appropriate social and economic benefits, and para. 18, which requires that benefits be equitably shared. It also violates para. 22(b), which emphasizes support for Indigenous Peoples' development priorities through inclusive and participatory mechanisms. It also violates OP 4.36, paras. 1-3, which require the Bank to promote forest management that enhances the rights and participation of forest-dependent peoples. While the September 2025 BSP revisions may appear to improve equity on paper, they do not dismantle the discriminatory structure of benefit-sharing. For Long Isun, whose recognition process remains stalled and whose land is contested, these barriers ensure continued exclusion and dependency. The BSP, even in its revised form, deepens inequity rather than addressing it, and the Bank's approval of this framework constitutes a failure to comply with OP 4.01, OP 4.10, and OP 4.36.	***The revised BSP specifies that participation is not mandatory.*** The Project, specifically the IPP, recognizes that localized social, political, and economic tensions in any given community need careful handling and may lead some communities preferring not to participate. The Project provides IPLCs with options for engagement (they may receive/apply for the performance allocation and/or reward allocation, or neither), and affords them the flexibility to decide internally on how to utilize the funds, with the support of trained facilitators. The BSP 2025 provides operational guidance on recognizing and supporting opting out of the BSP.
31.	**Ignoring Land Tenure Conflicts and Delayed MHA Recognition (in Violation of OP 4.01: 2-4, and 8; OP 4.10: 9, 17, and 22; OP 4.36: 1-3) (31)** One of the most serious failures of the World Bank in this Project is its decision to proceed despite the well-documented land tenure conflicts in Long Isun and the chronic delays in	***Management maintains that the Program adequately assessed the risks stemming from unresolved land tenure issues in the SESA, ESMF, and IPPF, and that effective mitigation measures were built into Program design. Mitigation measures included: (i) the development of safeguards measures consistent with OP 4.10; (ii) the inclusion by the Government of ER Program measures to support MHA***

No.	Claim	Response
	recognizing the community as MHA. These failures are particularly egregious because the Bank's own safeguard instruments, the SESA and ESMF, explicitly identified these structural risks as urgent issues that must be addressed to avoid harm. Instead of addressing them, the Bank allowed implementation to continue, embedding unresolved disputes into the core of the ER Program. ***a. Risks Identified in the Bank's Own Safeguards but Not Addressed*** The SESA explicitly warned of serious risks if tenure disputes and recognition delays were not resolved. On pages 37-38, it identified potential social impacts including: - Uncertainty over conflict management due to weak or absent resolution mechanisms. - Conflicts over village boundaries. - Restrictions on community access to land, forest products, and High Conservation Value (HCV) areas, with heightened risks of conflict with concessionaires. - Community concerns excluded due to weak FPIC and grievance mechanisms. - Conflict between communities and other entities (e.g., concession holders). The SESA also drew lessons from the Berau Forest Carbon Program, where similar conflicts required multi-stakeholder mediation, FMU forums,[37] MoUs, and recognition of customary lands to resolve disputes.[38] As part of its mitigation framework, the SESA laid out clear actions under Component 1: Forest and Land Governance, Sub-component on Dispute Resolution, including: - Accelerating settlement of land tenure disputes involving community claims. - Mediating land tenure disputes in forest areas through the Provincial Forestry Service.	***recognition processes; and (iii) commitments in the original and revised BSP to ensure access to benefits for non-recognized groups. Management acted quickly to address issues in implementation of these mitigation actions as they became known, such as requiring revision of the BSP.*** Management recognizes that unresolved land tenure conflicts and delays in the formal recognition of MHA remain a significant structural challenge in East Kalimantan, including in Mahakam Ulu. The risks were explicitly identified during ER Program preparation through the SESA, the ESMF, and the ERPD, which underscored the importance of tenure clarity and indigenous recognition to avoid adverse social impacts. Mitigation measures built into the design included: (i) The development of safeguards measures consistent with OP 4.10; (ii) The inclusion by the Government of ER Program measures to support MHA recognition; and (iii) Commitments in the BSP to ensure access to benefits for non-recognized groups. The ER Program does not have the legal authority to adjudicate land claims or confer MHA status, which remain sovereign functions governed by national and subnational legal processes. However, consistent with OP 4.10 and OP 4.36, the ERPD envisaged a supportive role for the ER Program in strengthening enabling conditions, facilitating dialogue, and encouraging government action on tenure recognition and conflict resolution. In summary, Management acknowledges that land tenure conflicts and delayed legal MHA recognition remain challenges. However, none of these issues stem from the ER Program or a failure of the Bank to comply with its policies. To the contrary: Management notes that concrete progress has been made by Long Isun to obtain legal MHA recognition, and that the Bank has remained engaged with Government counterparts on this important agenda. See also Item No. 11 above.

[37] Forest Management Unit is the primary government agency responsible for managing state forest areas at the site level.
[38] SESA, pages 42, 45.

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No.	Claim	Response
	- Developing joint decrees and refining conflict-handling protocols. - Identifying tenure conflicts and conflict-resolution mechanisms. - Enhancing communication between communities and companies regarding HCV areas. - Building paralegal capacity for dispute resolution. [39] Despite these explicit measures, none were implemented for Long Isun's land dispute. Instead, when Long Isun raised their conflict through the World Bank's Grievance Redress Service (GRS), the only response was a letter forwarding the case to the Ministry of Environment and Forestry (MoEF) and the contact details of a Director of Tenurial Conflict. This was an entirely inadequate and superficial response in light of the safeguards obligations. This omission contravenes OP 4.01, paras. 2-4, which require the Bank to identify, evaluate, and mitigate environmental and social risks before project approval, and OP 4.01, para. 8, which mandates the analysis of feasible alternatives, including the "no project" scenario, where significant social risks are present.[40] The Bank's decision to proceed despite unaddressed tenure conflicts reflects a failure to assess and mitigate these foreseeable social harms.	
32.	***b. The Reality of Long Isun's Situation (32)*** Long Isun has been in conflict with REDACTED since at least 2011. Despite documented evidence of Long Isun's land boundaries dating back to 1966, REDACTED claimed overlapping concessions, supported by flawed boundary delineations facilitated by a third party. When Long Isun community members attempted to monitor and defend their	***Management acknowledges the seriousness of the longstanding land conflict involving the Long Isun community, including allegations of criminalization and intimidation, but notes that it predates the Project.*** The overlapping concession claims, boundary delineations, and the arrest and prosecution of a community member occurred between 2011 and 2014, several years before preparation of the ER Program and before any results-based payments were contemplated. These incidents arose from historical

[39] SESA, pages 49-50.

[40] Although paragraph 8 formally applies to Category A projects, its underlying principle, that affected communities must have the genuine ability to reject or propose alternatives to harmful projects, remains fundamental to the Bank's due diligence obligations, especially where Category B projects carry substantial social risks and affect Indigenous Peoples' rights to FPIC.

No.	Claim	Response
	forest in 2014, one member, REDACTED was arrested, detained, and accused of a criminal offence he did not commit. This criminalization remains unresolved to this day, creating a prolonged climate of intimidation and legal uncertainty. In 2018, REDACTED's concessions in the disputed area were declared *status quo,* with an understanding that the land would eventually be processed as a customary forest. Yet this process has been frozen, as formal recognition of Long Isun as MHA is a legal prerequisite.[41] The [Environmental and Social Impact Assessment] itself acknowledged that revocation of permits and *status quo* designations create risks of unmanaged lands, deforestation, and heightened tensions.[42] It also emphasized that recognition of customary lands was urgent for inclusion of Indigenous Peoples.[43] Despite this, the Bank allowed Long Isun's disputed lands to be included in ER Project benefit calculations, without recognition, without dispute resolution, and without consent. This violates the FPIC principles in OP 4.10, paras. 10-11. The Bank should have supported a forest management that protects the rights and participation of forest-dependent Indigenous Peoples as required under OP 4.36, paras, 1-3, but failed to do so.	concession licensing decisions taken by government authorities, not from ER Program measures. On consultations with Indigenous Peoples, see Item No. 4. Management does not agree that the Program failed to support forest management consistent with OP 4.36. The ER Program does not replace indigenous stewardship systems with concession-based management. On the contrary, it supports a range of governance pathways, including social forestry and Customary Forest/*Hutan Adat* mechanisms, and seeks to reduce pressures associated with existing concessions by promoting compliance with legal and sustainability requirements. The safeguards framework emphasizes inclusion of Indigenous Peoples and forest-dependent communities as beneficiaries, irrespective of formal recognition status, and explicitly avoids conditioning participation or benefits on completion of recognition processes.
33.	***c. Recognition of MHA: A Structural Barrier Ignored (33)*** Recognition as MHA is the legal foundation for Indigenous Peoples in Indonesia to secure tenure, protect forests, and access benefit-sharing. Yet in East Kalimantan, only four Indigenous groups have been recognized as MHA, and none of the 50 villages in Mahakam Ulu, including Long Isun, have been recognized.[44] This leaves an entire district	See Item No. 30, above.

[41] The Ministry of Environment and Forestry of Indonesia, Ministerial Regulation no. 9/2021, article 66(2) stipulates that any request for a Customary Forest declaration requires MHA status.
[42] SESA, page 110.
[43] SESA, pages 112-113.
[44] Even though the regulation to process MHA for Indigenous Peoples has been enforced since 2018 through Peraturan Daerah Kabupaten Mahakam Ulu Nomor 07 Tahun 2018. https://peraturan.bpk.go.id/Details/223699/perda-kab-mahakam-ulu-no-07-tahun-2018

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No.	Claim	Response
	excluded from MHA protections. The SESA acknowledged this problem,[45] and the ER Project formally committed to support provincial government efforts to accelerate recognition of customary rights.[46] In practice, however, the Bank disclaimed responsibility, arguing that recognition falls outside the Project's scope. This is a fundamental abdication of safeguard obligations. • Since Indigenous Peoples are present in, and collectively. attached to, the Long Isun territory, the borrower and intermediary agency was required to carry out a social assessment to evaluate the project's potential adverse impacts and examine project alternatives. This was not done in a meaningful or adequate way. The assessment did not account for Long !sun's unresolved land boundary conflict with REDACTED and REDACTED nor the exclusionary effects of delayed MHA recognition. Without such an assessment, the Project failed to consider alternatives that could have avoided or mitigated these foreseeable harms, directly contravening OP 4.01, paras. 2-4, and OP 4.10 para. 9. • OP 4.10 para. 17 requires that when projects depend on establishing legally recognized rights to Indigenous Peoples' lands, the Indigenous Peoples Plan (IPP) must include an action plan for legal recognition, normally carried out before implementation. No such plan was prepared for Long Isun, even after a complaint was formally filed with the GRS and its revision.[47] • OP 4.10 para. 22(a) directs the Bank to support legal reforms, capacity building, and participatory approaches to strengthen recognition of Indigenous land tenure and ensure Indigenous Peoples benefit from development. The ER Project failed to do so.	

[45] SESA, page 114.
[46] SESA, page 50.
[47] Forest People Programme's inputs for the Revision of ER Project IPP, Annex 9.

No.	Claim	Response
	The Project Appraisal Document itself acknowledged the risk: "The risk of exclusion of Indigenous groups stemming from the slow recognition process."[48] The Bank thus proceeded in full knowledge of the risks, but without implementing any safeguard actions to prevent exclusion or harm.	
34.	**Replacing Community-Based Conservation with a Commercialized Forest Management Model (in violation of OP 4.36: paras. 1-3, 13-15; OP 4.01 paras. 2-3) (34)** The ER Project reframes forest protection from a community-led conservation model to a commercialized, performance-based mechanism dominated by corporate and state actors. Through the Benefit Sharing Plan and its inclusion of private concessionaires under "Performance Allocations," the Project allows entities historically responsible for deforestation, such as timber and plantation companies, to claim emission reduction credits or receive technical and reputational benefits, including support for certification (e.g., ISPO,[49] FSC[50]). In contrast, Indigenous communities like Long Isun, whose customary stewardship has preserved forests for generations, face heightened restrictions, bureaucratic exclusion, and threats of criminalization. This reverses the safeguard hierarchy by rewarding extractive actors while penalizing traditional forest guardians. By structuring forest governance around FMUs and private concession holders rather than Indigenous management institutions, the Project replaces community-based forest management with a commodified carbon accounting regime. This directly contravenes OP 4.36 paras. 13-15, which require the Bank to prioritize and support community-based management, and OP 4.36 paras. 1-3, which emphasize empowering forest-dependent peoples to sustain their livelihoods through traditional use. It also violates OP 4.01 paras. 2-	See Item No. 10, above.

[48] Project Appraisal Document,
[49] Indonesian Sustainable Palm Oil.
[50] Forest Stewardship Council.

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No.	Claim	Response
	3 by failing to anticipate the environmental and social risks inherent in commercializing conservation. In effect, the ER Project legitimizes and strengthens the presence of commercial actors in disputed forests, jeopardizing genuine conservation and undermining Indigenous stewardship, replacing ecological balance with market transactions.	
35.	***Failing to Address Retaliation and Intimidation (in violation of OP 4.01: para. 14; OP 4.10 paras. 10(c), 11; and The WB Zero-Tolerance Policy on Reprisals) (35)*** When Long Isun voiced concerns about the ER Project, we were met not with dialogue but with reprisals, intimidation, and veiled threats. The community was stigmatized as "troublemakers" by government officials and neighboring villages who supported the project. This labeling deepened Long Isun's isolation and created a hostile environment in which dissent was punished rather than respected. Concrete threats were made against Long Isun representatives: • Threats to cut off vital village development funds unless Long Isun attended consultations.[51] This amounted to economic coercion, weaponizing state resources to force participation. • Intimidation of allied organizations (PNP), with insinuations that pursuing the complaint would result in backlash from all 10 districts of East Kalimantan for "blocking World Bank funding" and that the complaint was driven by "foreign intervention" rather than genuine community concerns. These statements were intended to discredit the complaint and silence support for Long Isun. These reprisals had a chilling effect: Long Isun representatives felt forced to attend consultations against their will, while refusing to sign attendance sheets to avoid misrepresentation. The fear of retribution undermined their ability to exercise the right to	Management notes that as soon as PNP and FPP raised concerns in written communication to the Bank about reprisals and intimidation, the Bank reminded the Government of the Bank's commitment against reprisals and intimidation. Please refer to Item Nos. 14, 15 and 25. ***During the Bank's visit to Long Isun in February 2025 (led by the Division Director), the community confirmed that no further incidents of intimidation had occurred since its decision to opt out.*** ***Protection from reprisals.*** The Bank has no police or judicial authority and hence cannot "ensure" the safety of complainants generally. However, the Bank has a protocol in place to escalate instances of alleged or manifest reprisals to the relevant government authorities to request assurances that no such reprisals occur. This approach works well when the source of the reprisals is within the government's structure, whether at the local or project level. It becomes more complicated when the source of the reprisal is anonymous, when reprisals are carried out by other project-affected people who disagree with the complainants, or when complainants allege reprisals but cannot provide details. In this case the Bank acted swiftly and escalated the matter to the highest levels of government. During the Bank team's visit to Long Isun, community members confirmed that no further concerns regarding reprisals have occurred besides the one that was flagged to the Bank.

[51] Written communication from Long Isun to GRS, June 25, 2024.

No.	Claim	Response
	engage freely and safely in consultation processes, and ultimately to withhold consent, a cornerstone of FPIC. The World Bank has clear obligations under OP 4.10 para. 10(c), which requires that all relevant information about the project be provided in a culturally appropriate manner at each stage of project preparation and implementation, and that such consultations are conducted in good faith and in a manner that is free of intimidation or coercion. This includes informing communities not only of potential benefits, but also of potential adverse impacts, and ensuring that participation, or rejection, does not expose Indigenous Peoples to retaliation. OP 4.10, para. 11 further requires that consultation processes reflect good-faith negotiation, ensuring Indigenous Peoples can make decisions without external pressure. OP 4.01 para. 14 extends these requirements to all environmental and social consultations, mandating that affected groups be informed and given opportunities to express views in an environment free of intimidation or coercion. In practice, Long Isun was subjected to repeated threats: warnings that village development funds would be cut off if they refused to attend consultations; pressure from ER Project representatives threatening to escalate matters to district authorities if the community did not participate; and suggestions that pursuing a complaint would antagonize all districts and jeopardize provincial funding. These are not abstract risks but concrete reprisals designed to coerce Long Isun into compliance. The Bank also maintains a zero-tolerance policy on reprisals and requires that grievance redress mechanisms be accessible, safe, and free from retaliation. Yet, despite being notified of these threats in writing, including through formal correspondence to the GRS, the Bank failed to take protective measures. No safeguards were activated to shield Long Isun or their allies from intimidation, and no monitoring was established to ensure their safety when engaging with Bank accountability systems. By ignoring retaliation and intimidation, the Bank violated OP 4.10 para. 10(c), undermined	

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No.	Claim	Response
	its own safeguards, and denied Long Isun safe access to accountability mechanisms. This failure erodes the credibility of both the GRS and the Bank's broader commitments to protect Indigenous Peoples who exercise their right to reject harmful projects.	
36.	**Ignoring Livelihood Impacts and Customary Practices (in violation of OP4.10: 16) (36)** The livelihoods of Long Isun are deeply tied to customary practices such as small-scale logging, swidden farming *(ladang berpindah),* controlled burning, hunting, and forest gathering. These customary practices are sustainable, culturally embedded, and central to food security, health, and income. Women, in particular, play key roles by gathering plants for food, medicine, and handicrafts such as the *Seraung* hat. Long Isun women have also established a women farmer group who engage in swidden farming. The SESA itself acknowledged that REDD+ activities could restrict these practices, particularly burning, and that such restrictions could negatively impact Indigenous livelihoods and cultural traditions. Despite this, no mitigation measures or livelihood alternatives were developed or implemented. Instead, after ER Project socializations, local authorities began issuing prohibitions on burning, disrupting traditional farming cycles, and threatening subsistence food production. For Long Isun, this created fear of criminalization, recalling their past experiences of being targeted during land disputes with REDACTED. The Project thereby contributed to a climate of insecurity in which communities risk losing not only their livelihoods but also their dignity and safety. This omission violates multiple safeguard obligations: • OP 4.01 para. 3 requires the Bank to ensure environmental and social assessment identifies and mitigates adverse impacts on Indigenous Peoples and it includes the social aspects such as their livelihoods. The Bank's failure to assess or mitigate livelihood disruptions shows	During Project preparation, the ESMF identified that certain ER Program measures such as adopting HCV and Reduced Impact Logging policies in forestry concessions might lead to access restrictions. In particular, policies permitting license holders to limit entry by *adat* communities and other forest-dependent groups could restrict access to specific land parcels, potentially affecting these communities' livelihoods. An RPF and a PF were prepared to address these risks. The RPF stipulates that if resettlement of forest-dependent communities is anticipated under the ERP, Resettlement Action Plans must be prepared in accordance with the guidance provided in the RPF. The PF establishes a process by which communities potentially affected by restricted natural resource access to the protection forest which are under the management authority of MoEF and Provincial Forestry Service engage in a process of informed and meaningful consultations and negotiations to identify and implement means of reducing or mitigating the impact of restricted resource access. The PF requires that a Plan of Action must be developed together with the affected communities to describe the agreed restrictions, management schemes, measures to assist affected persons and the arrangements for their implementation. However, the Government reported that during 2020–2024, the only ER Program measures implemented in Long Isun was assistance for the legal MHA recognition and agreed support to establish an MPA. ***The ER Program does not introduce new prohibitions on swidden farming, controlled burning, hunting, or forest gathering, nor does it mandate restrictions on customary livelihood practices.*** Regarding fire management, see Item No. 18. With respect to alternative livelihood support, the ER Program design includes activities to strengthen community livelihoods, including support for community-based forest management, and livelihood

No.	Claim	Response
	noncompliance with this foundational requirement. • OP 4.10 para. 16 explicitly recognizes that Indigenous Peoples are *"closely tied to land, forests, water, wildlife, and other natural resources,"* and that special considerations apply when projects affect such ties. In such cases, the borrower must pay attention to (a) customary rights to lands and resources; (b) the need to protect such lands against intrusion or encroachment; (c) the cultural and spiritual values attached to those resources; and (d) Indigenous natural resource management practices and their sustainability. The ER Project failed to uphold these requirements. Instead of protecting Long Isun's customary rights and practices, it facilitated restrictions and created conditions of insecurity. • OP 4.12 para. 3(b) requires the Bank to avoid or minimize involuntary restrictions of access to resources, and where such restrictions are unavoidable, to provide sustainable livelihood restoration measures. The ER Project potentially imposes *de facto* access restrictions through burning prohibitions and forest-use limits, without consultation, consent, or compensatory alternatives. • OP 4.36 paras. 1-3 emphasize that forest sector interventions must recognize the rights and participation of forest-dependent communities, and support sustainable local resource management rather than constrain it. The ER Project disregarded these obligations by incentivizing criminalization of traditional forest use instead of reinforcing community stewardship. By failing to safeguard livelihoods, the Bank not only violated its policies but also placed Long Isun at risk of poverty, food insecurity, and dependency on government or concessionaire- controlled programs. This is directly contrary to the stated objectives of	and other activities financed through the BSP that allow communities to identify and prioritize activities consistent with their cultural practices, including agriculture, non-timber forest products, and women-led economic initiatives. ***Management also notes that the ER Program does not impose involuntary restrictions of access to land or natural resources as defined in OP 4.12.*** Participation in ER Program measures is voluntary, and communities retain the right to raise concerns through the GRM if they believe that government actions or third-party behavior linked to REDD+ implementation are adversely affecting their livelihoods. Regarding OP 4.10 and OP 4.36, Management considers that the Program appropriately recognized the importance of Indigenous Peoples' customary practices. While challenges related to tenure recognition and local governance persist in parts of East Kalimantan, these are long-standing structural issues that predate the ER Program and are being addressed through broader government processes, with the Program seeking to contribute positively within its scope and mandate. In summary, Management does not agree that the ER Program facilitated restrictions on customary livelihoods or failed to assess and mitigate livelihood risks. The Program identified relevant risks during preparation, incorporated measures to avoid involuntary restrictions, and established mechanisms to support livelihoods and address grievances.

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No.	Claim	Response
	REDD+ to improve wellbeing and reduce poverty.	
37.	***Previous Attempts to Resolve These Concerns (37)*** We recognize that the Accountability Mechanism requires complainants to first attempt to resolve issues directly with the World Bank. Long Isun has done so in good faith, through multiple avenues: 1. Direct Engagement with the Bank and Implementers. Since 2018, Long Isun has raised concerns about the ER Program directly with project implementers and Bank staff. The community consistently communicated that unresolved land boundary conflicts and the absence of MHA recognition would make the project harmful rather than beneficial. Long Isun and the partner organizations have met the Bank's staff at least 2 times in person in Jakarta and Long Isun, through multiple online meetings and communicated extensively through emails.	The Bank appreciates the constructive dialogue and engagement with the Requesters. Since the start of the GRS case in March 2024, the Bank maintained active engagement with the complainants. Most meetings convened with the complainants involved either the local CSOs or the international NGOs (FPP and Accountability Counsel). The community is very remote and has limited communication access—the community was primarily represented by several local CSOs, including PNP, *Aliansi Masyarakat Adat Nusantara*, and *Wahana Lingkungan Hidup Indonesia*. The Government and the Bank also engaged with local CSOs during the BSP and IPP revision and consultation processes. Until September 2024, email communications on the GRS case was with PNP; from November 2024 until the submission of the Request for Inspection, communication had been led by FPP. Direct engagement with the community of Long Isun occurred in May 2024 at the Bank's Jakarta office, attended by community leaders and representatives, and in February 2025 during a visit to Long Isun. The Project makes results-based payments for verified ER achieved within the ER Program area, with ER Program measures intended to support the achievement of those results. ER Program measures are government implemented. These include support for the recognition as MHA and resolution of tenurial disputes.
38.	2. Formal Complaint to the Grievance Redress Service (GRS). On 19 March 2024, Long Isun submitted a formal complaint to the World Bank's GRS. That complaint remains active. However, the Bank's response has been slow, incomplete, and inadequate to address the harms. (38)	***Management notes that the complaint was submitted to the GRS in March 2024. While the GRS case remains active, Management has taken steps to address issues within its mandate and maintained engagement with the complainants.*** The Bank responded to the complainants' requests for meetings, information, and communications. During 2024-2025, there were exchanges with complainants through offline and online meetings, formal letters (two letters, signed by the Division Director, dated April 5 and December 12, 2024), and emails, in addition to informal exchanges over texts and telephone calls, mostly with local CSOs.

No.	Claim	Response
		In addition, Management sent a letter outlining action items agreed jointly with the complainants, which included: (i) revision of the BSP to ensure that *adat* communities, including those without legal MHA recognition, are equally eligible to benefit from the program; and (ii) update of the IPP and FPIC guidelines. Management provided support to and verified that the feedback from the complainants on these documents during the consultation process was considered and deliberated by the Government. The Government published a summary of all comments and feedback received on the BSP and IPP and how this feedback was addressed in the revised documents (see Annex 2).
39.	3. Bank's Limited Response BSP and IPP Revisions. (39) The Bank committed to revising the BSP and Indigenous Peoples Plan (IPP). However: • The draft BSP revision was only disclosed on 24 July 2025, over a year after the GRS complaint and 5 months before Project ends, contrary to the safeguard requirement that disclosure occur "as early as possible" in project cycles. • The revision process lacked meaningful consultation with affected communities, including Long Isun, and instead relied on government-led processes with limited transparency. • Substantive flaws remain in the revised BSP [as noted above] […] Despite repeated engagement, Long Isun has received only partial and procedural responses, not substantive solutions.[52] The Bank's reliance on the forthcoming BSP revisions, without addressing land disputes or recognition, has left the community at risk of exclusion, discrimination, and renewed violence. We are aware that a new version of	***The BSP and IPP were prepared by the Government, with advice from the Bank.*** As the BSP is a government-prepared document, consultations on it were government led, but involved a significant number of nongovernmental facilitators and resources persons, including some recommended by the GRS complainants. Management notes that disclosure of the BSP took place as soon as the revised version was approved. Drafts were disclosed for public review and comments for several months prior to approval. The previous version (2021) remained disclosed while the BSP revision was in process. Long Isun and PNP were invited by the Government to attend consultations on revisions to the BSP, and were consulted by civil society representatives designated by the Government and directly by the Bank[53] at multiple stages leading up to the consultation process. The consultations for the revision of the BSP were carried out at the district level to provide opportunity for communities and local stakeholder to participate following the identified geographical and distance barriers to participation in the original BSP design. Local facilitators were mobilized to facilitate the discussions, using bahasa Indonesia and local dialects. Several recommendations, for example, to utilize a simplified

[52] Long Isun has repeatedly requested the Bank to facilitate a meeting with relevant institutions such as *Direktorat Penanganan Konflik Tenurial dan Hutan Adat* under the MoEF as the Project implementing agency, yet it has not been achieved.

[53] Meetings were held with the local CSOs to discuss the IPP development and BSP revision—including a meeting between *Aliansi Masyarakat Adat Nusantara*, *Pokja*30, PNP, and the World Bank on July 1, 2025; and a pre-public consultation meeting on July 28, 2025 hosted by the Tropical Forest and Environment Faculty of Universitas Mulawarman, inviting more than 20 local CSOs in East Kalimantan.

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No.	Claim	Response
	BSP following the September 2025 consultation may soon be released. However, past revisions have not resolved these core harms, and with the ER Project closing in December 2025, there is no credible basis to expect transformative change at this late stage. For these reasons, Long Isun now turns to the Inspection Panel, as the grievance process has failed to resolve the harm.	and NGO-led small grants program for the reward allocation, and to improve representation of IPLCs in BSP implementation, were adopted by the Government. All suggestions and feedback on the revised BSP provided directly to the Bank by FPP and PNP were passed on to the Government by the Bank. The Government produced and disclosed a summary of inputs received and how they were addressed in the revised BSP (see Annex 2). Management recognizes Long Isun's position on not participating in the Program or BSP until their legal MHA recognition has been secured, and respects this decision. Records of consultations on the BSP highlight a range of views on this matter, with many communities agreeing with the importance of accelerating recognition of customary/*adat* rights and titles, while also supporting the implementation of carbon crediting schemes from which they can benefit. Multiple community representatives expressed to the Bank their views that the Program should proceed without delay, and their desire to reinvest funds allocated into meaningful actions to support *adat* communities. The Government's original and revised BSPs are the product of consultative processes which balanced these various positions.

Annex 2. Summary of 2025 Public Consultation on BSP Revision and IPP Development

Public consultations on revision of the Benefit Sharing Plan (BSP) and Indigenous Peoples Plan (IPP) for the ER Program Carbon Fund program

— Summary of adjustments to the Benefit Sharing Plan and Indigenous Peoples Plan —

A series of public consultations was undertaken on the revision of the Benefit Sharing Plan (BSP) and draft Indigenous Peoples Plan (IPP) for the ER Program. The public consultation involved outreach and actions to gather broad-based input from communities and their representatives in East Kalimantan, as well as from Government representatives.

Design of and implementation of consultations:

The public consultation process was designed based on substantive inputs, both from formal and informal means, from a range of actors in East Kalimantan. Specifically, civil society organizations were asked to advise on the structure and format of the consultation process, and how the process might effectively and efficiently solicit broad-based and meaningful input from groups likely to be affected by the Benefit Sharing Plan, especially *adat* communities.

Formal 'pre-consultations' were hosted in partnership with universities and CSO on behalf of the Government. This has been done through soliciting direct input from civil society since 16 July 2025, and through roundtable discussions with these civil society representatives and leaders. In addition, Faculty of Forestry of the University of Mulawarman independently hosted an event on July 28th, 2025, which aimed to support preparation for the public consultation process and provide stakeholders a voice in both how the consultations would be managed, and support preparation for stakeholders who wished to engage. Over 20 local CSOs attended the event, which gathered inputs on the publicly disclosed documents. University members and The Regional Climate Change Council (DDPI) co-moderated the session, which discussed BSP implementation, such as how *adat* communities can access and use carbon payments, eligibility criteria, and community outreach and safeguards processes. The meeting concluded with a mapping of key concerns of the local CSOs and academia representatives, which were then conveyed to the Government during the public consultation process.

These events solicited the following input, which then informed the design of the government-led consultation process:

- In-person consultations should extend at least to the district level and should invite a broad range of community-level representatives.
- Civil society groups from across the province should be not only invited, but meaningfully included as moderators and speakers, to create an open forum for discussion.
- *Adat* leaders – particularly those who are not sitting in the formally recognized Government positions (e.g., those who are not elected Village Heads) should be invited.
- Communications and outreach materials should be made widely available to explain the BSP and IPP. They should be in clear and accessible language and easy to understand and disseminated widely to support meaningful engagement of community-level participants, either online, in person, via representatives from their villages or districts who attend in-person meetings or make submissions.

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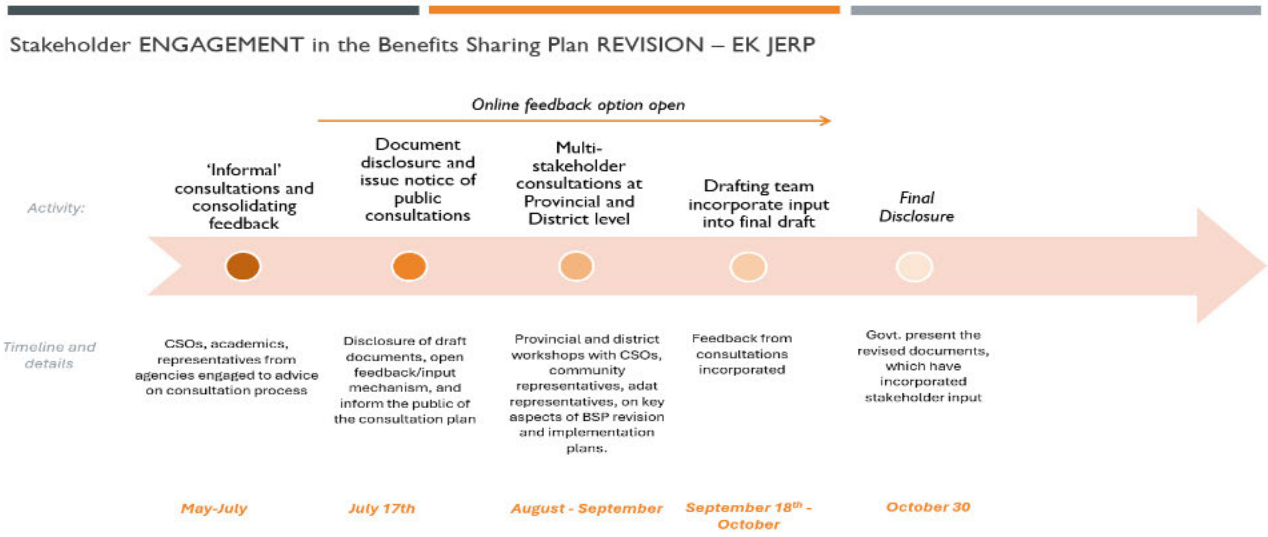
The consultation process was designed to reflect these suggestions. Specifically, the following channels facilitated input from the public on the draft BSP and draft IPP, from July 19th 2025 to September 18th, 2025:

- **Public disclosure of draft BSP and IPP** in both English and Bahasa Indonesia from the 17[2] July on the Government's official website for the program and on social media, as well as accessible summaries of the draft BSP, which were also shared widely on WhatsApp to increase accessibility.
- An **online feedback option**, which included submission of inputs by email[3] by google form[OBJ], with options for anonymous feedback. A total of 149 submissions were received, all of which were reviewed by the PMU and was used to inform the revision of the BSP.
- A **series of in-person consultation workshops** to gather verbal feedback and discuss revisions needed. Attendees also had the option to provide written input using paper forms available in the meeting rooms. Invitees were selected through a transparent process informed by the pre-consultation dialogue, ensuring representation across sectors, geographies, and stakeholder groups. Civil society representatives co-created the invite lists with the Government to ensure locally respected *adat* leaders and civil society leaders were invited in their respective districts. In total, 1,088 people attended the five consultation events, including representatives from communities and *adat* groups in all Districts, as well as representatives of women's groups, youth groups, and persons with disabilities. Posters explaining the flow of funds were also made available in the consultation's venues.

Figure 1. Timeline of the Stakeholder Engagement for Public Consultation of the Revised BSP and IPP



a. A provincial workshop was held on August 7, 2025, bringing together 223 representatives (171 offline and 52 online) from government agencies, civil society, and *Adat* community representatives. This workshop presented the rationale for revising the BSP, lessons learned from previous implementations, and key proposed changes. The main topics were eligibility criteria, fund allocation mechanisms, the role of intermediary agencies (LEMTARA), the working group for BSP concerning community and Adat groups (*Pokja BSP khusus Komunitas dan Masyarakat Adat*), and community engagement strategies.

b. Four district-level consultations took place on August 26th and 28th, 2025, covering all seven districts in East Kalimantan. These consultations were attended by 642 people combined, including *adat* leaders, Village Heads, women's groups, youth representatives,

academics, and local NGOs. Discussions were structured to ensure inclusive participation and allow different stakeholder groups to express their views openly, including splitting the group into several smaller groups in the second half of the consultation, so that participants have more space to express their aspirations, feedback, and concerns. Highly skilled, non-government facilitators, who are familiar with local socio-cultural context, were facilitated the discussions. At the same time, national and provincial government agencies were consulted on the institutional roles, implementation responsibilities, and operational mechanisms related to the revised BSP, including fund channelling, grievance redress, and monitoring systems.

c. The process **was concluded with a Provincial Workshop on September 18, 2025**, attended by 238 participants (159 offline and 79 online).

- Re-disclosure period. The feedback was collected, the BSP was revised accordingly and posted online for **a two-week public review period**. This final event presented the outline of revised BSP, explained how stakeholder inputs were addressed, and provided an opportunity for any remaining questions or feedback.

Overall, the public consultation process is designed to ensure that the revised BSP is more inclusive, equitable, and responsive to the needs of local communities, while reinforcing safeguards and accountability in the implementation of the Emission Reduction Program. In parallel, the draft Indigenous Peoples Plan (IPP) was also consulted through the same forums and processes used for the draft revision of the Benefit Sharing Plan (BSP).

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Figure 2. Example of a poster available at the consultation venue

Consultation outcomes:

This document presents a summary of the inputs received on the BSP and IPP combined through both online feedback forums and in-person events, and how it has been incorporated into an updated benefits sharing plan. The summary of issues below reflects all issues that were raised by three or more participants / feedback providers.

Topic 1: The size of allocations for community groups through the reward allocation. Several participants queried why the reward allocation overall and the grants sizes for eligible recipients were not higher.

- *Response:* Community groups and members can participate in both responsibility allocations (which funds government-delivered programs, some of which are aimed at local communities, such as accelerating MHA recognition), and performance allocations (which are administered via Village Governments, following community-led planning processes of which all local residents are free to participate in). Therefore, the reward allocation is an additional entitlement specifically for community groups with a historical relationship to conserved forest areas (from which the ER payment was most likely not generating, as it measures reductions in deforestation). Moreover, the reward allocation gives grants significantly larger than all other carbon finance projects which have provided community grants to date (e.g. the Nusantara Fund).

Action taken: The costs of community facilitation and support from the LEMTARA have been allocated from the responsibility allocation, to ensure the full 10% of the reward allocation for community groups goes to the groups.

Topic 2: The involvement of local partners. Participants highlighted the importance of local NGOs and adat organizations playing a role in community support and outreach.

- *Response:* The role for local NGOs and CSOs is recognized, and will be accommodated to the extent possible within the regulatory framework which governs funds channeling through the BPDLH. Specifically, agencies contracted by BPDLH are required to comply with Director of BPDLH Regulation Number 3 of 2024, and must also be able to submit financial and activity reports sufficient to fulfil the requirements of the audit BPDLH will be subject to on use of funds.

- *Action taken:* The revised BSP expands the number of LEMTARA that will be contracted by BPDLH to support local communities from one national agency to four subnational agencies, with a dedicated agency focused on *Masyarakat Adat*. These four agencies will engage local CSOs to deliver community related activities.

Topic 3: Surplus budget utilization (SiLPA). Several participants highlighted the challenge that budgets not utilized within a fiscal year may present challenges in the absence of clarity on whether they can be carried over, and/or whether they contribute to village government spending performance ratings. This is a particular challenge if funds are delivered late in the fiscal year, leaving a limited spending window.

- *Response:* The unused budget (SiLPA) can be used in the following year based on prevailing laws and regulations.

- *Actions taken*: The BSP is updated to clarify how SiLPA funds are classified and utilized, and with stronger guidance on aligning with budgeting cycles, to avoid late delivery of funds.

Topic 4: Inclusion of women's groups and persons with disabilities (PWD). Participants suggested that community groups representing women and PWD should be including as 'community groups' eligible for the reward allocation.

- *Response:* Expanding eligibility for the reward allocation will further squeeze limited use of funds intended to recognize historical forest protection and provide support to adat communities.

- *Action taken:* Annex 3 of the BSP has been updated to clarify that funds allocated to villages and communities can be allocated to support social or economic groups or initiatives within their communities, including women's groups, women's farmers groups, and groups focused on supporting persons with disabilities (PwD).

Topic 5: Eligibility of *Adat* communities. Participants highlighted the need for clarity on eligibility criteria for adat communities for the reward allocation, and for the need for validation processes to be inclusive, led by adat representatives/CSOs, and neutral/objective.

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- *Response:* Agreed, the BSP has been updated accordingly.

- *Action taken:* The eligibility criteria for adat communities is aligned with OP4.10. The MHA formal recognition is not a criterion for eligibility. The validation of eligible groups is a necessity in order to register them as beneficiaries and initiate funds transfer – will be supported by adat representatives through a multi-stakeholder working group.

Topic 6: Flexible use of funds, including for education and health initiatives, while supporting longer-term sustainability outcomes. Several participants advocated for more flexible use of funds, including for education, health, and social and economic initiatives, as well as land mapping and planning activities. Others highlighted the importance of maintaining a focus on forest management, which otherwise receives very little support and financing.

- *Response:* The stated objectives of the BSP is to both reward and incentivize sustainable forest management, which is why funds use was initially restricted to forest management and sustainable livelihoods activities. However, recognizing that at the community level, supporting sustainable livelihoods is a holistic and multi-sectoral initiative, with broader improvements in community livelihoods aligned with sustainable use of forest resources.

- *Action taken:* Annex 3 of the BSP, which summarizes eligible use of funds, now includes more flexibility for villages and community groups, including the use of funds on community livelihoods and economic development activities.

Topic 7: Strengthen community outreach and safeguards. Participants highlighted the need to widely disseminate the BSP in accessible formats, and to make available resources to explain the BSP and its processes for accessing funds to eligible communities, with clear communications materials and processes which are easy to understand, and the strengthen implementation of safeguards processes, including FPIC in line with World Bank policy OP 4.10.

- *Response:* Agreed, the BSP has been updated accordingly. Consultation, stakeholder engagement, and FPIC guidelines (Annex 3, IPP) are consistent with OP 4.10 including requirements under national regulatory framework.

- *Action taken:* The revised BSP includes more detailed procedures for community outreach, and FPIC requirements; and has strengthened the role of the Provincial PMU, the LEMTARA, and working groups which are responsible for coordinating and executing these activities.

Topic 8: Support to efforts to affirm the rights of Masyarakat Adat. Participants highlighted the importance of strengthening and protecting the rights of Indigenous Peoples, including granting recognition, legal protection, and more targeted involvement and facilitation.

- *Response:* Agreed, the BSP has been updated accordingly.

- *Action taken:* The BSP has been updated to more clearly define the role of the Pokja on *Masyarakat Adat,* which will be responsible for supporting both validation of eligible *adat* community groups as regards their eligibility for funds through the BSP, and for broader support to recognition and protection of *adat* rights.

Topic 9: Improving monitoring of the BSP implementation. Participants highlighted the importance of verifying funds were allocated and used as planned, and monitoring the impacts of funds use. They also highlighted the importance of Third Party Monitoring, and a role for civil society, particularly adat representatives, in program monitoring and oversight.

- *Response:* Agreed, the BSP has been updated accordingly.

- *Action taken:* Monitoring arrangements have been updated to include i) Third-party monitoring contracted by the World Bank; ii) the inclusion of representatives from civil society and academia in the national technical committee and provincial working groups which will support oversight of implementation, and iii) improved citizen monitoring and feedback mechanisms, including establishing a beneficiary/public feedback survey mechanism. All relevant program reports, including monitoring reports, will be made available on the Program Portal (https://mrv.kaltimprov.go.id) widely accessible to the public.

Topic 10: Streamlining processes for communities to access funds. Participants highlighted the need for simplified and streamlined proposal development and review processes, in order to make the BSP process more accessible to communities and to reduce delays in funds flow.

- *Response:* Agreed, the BSP has been updated accordingly.
- *Action taken:* A simplified proposal template has been developed, as well as more specific guidance on funds use. Additional time and resources for community outreach and training have been allocated in the form of additional LEMTARA, with responsibilities for community support activities.

Topic 11: Pokja validation and representation. Participants highlighted the need for a transparent and inclusive validation process, with clarity on representation and eligibility for adat groups.

- *Response:* The validation process should ensure participation of adat representatives, CSOs, and academia, with clear eligibility criteria and appeals procedures.
- *Action taken:* Pokja composition updated to include adat representatives, CSOs, and academia through an open expression of interest. Validation results will be published on the Measurement, Monitoring and Reporting portal with a two-week appeal period. Operational guidelines will clarify decision-making and appeals.

Topic 12: Institutional design and oversight. Participants raised questions about concentration of authority in government agencies and IEF, and requested stronger oversight.

- *Response*: Oversight mechanisms need to balance program implementation with safeguards, accountability, and participation of adat representatives.
- *Action taken:* IEF technical team expanded to include CSO and adat representatives through an open process. Private sector (PS) associations removed in IEF technical committee (but PS representation retained in BSP working group). Independent monitoring and government audits will complement internal oversight, with safeguards provisions clarified in the BSP.

Topic 13: Role and selection of intermediary agencies. Participants emphasized the importance of cultural competence and community involvement in the role and selection of implementing agencies.

- *Response***:** Implementation agencies should provide facilitation and support to communities, with appropriate qualifications and experience in working with adat groups.
- *Action taken:* The implementing agency structure for community and village-level beneficiaries was revised to a "3+1" model, with one agency dedicated to *adat* groups. Requirements have been updated to include cultural competence and a minimum of three years' experience with *adat* communities. Annex 4 clarifies criteria and roles for local CSO participation.

Topic 14: allocations and timelines. Participants raised concerns about sequencing of allocations and adequacy of grant sizes for adat groups.

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- *Response:* Sequencing reflects the timing of government budget processes, with different allocations designed for different purposes. reward allocations for adat groups are significant compared to other existing community grant mechanisms.

- *Action taken:* Timeline clarified as indicative. Responsibility allocations support establishment of safeguards mechanisms. Absorptive capacity applies only to village performance allocations. Comparative examples demonstrate that adat reward are larger than other national programs.

Topic 15: Safeguards and legal framework. Participants highlighted the need to ensure safeguards compliance and recognition of adat groups in line with World Bank Operational Policy (OP) 4.10.

- *Response:* The BSP applies OP 4.10 to ensure that recognition of adat groups does not depend on formal legal status, and that safeguards apply to all program activities.

- *Action taken:* Safeguards section updated to reflect consultation input. Definition of Indigenous Peoples aligned with OP 4.10. Annex 3 broadened to allow flexible use of funds. Adat representatives included in governance bodies and grievance mechanisms.

Topic 16: Grievance redress mechanism (GRM). Participants suggested strengthening the independence, accessibility, and transparency of the grievance redress mechanism.

- *Response:* The BSP acknowledges the importance of effective grievance mechanisms with multiple channels accessible to communities.

- *Action taken***:** Appeal process added to Pokja validation, with results published online and a two-week appeal period. GRM channels expanded, including WhatsApp, public forums, and feedback surveys. Broader reform of the GRM process to strengthen the GRM is under discussion.

Topic 17: Environmental practices – use of herbicides and land burning: Participants raised questions regarding the use of chemical herbicides and traditional land clearing practices. Some expressed concern about the environmental and health impacts of herbicide use, while others sought clarification on whether small-scale burning for subsistence agriculture remains permissible under Indonesian law.

- *Response:* The BSP aligns with national environmental regulations, including Law No. 32 of 2009, which allows controlled small-scale land burning for subsistence farming under specified conditions. The use of chemical herbicides that may cause negative impacts on the environment or health is not encouraged under the Program. Communities are encouraged to adopt sustainable land management practices, including mechanical or biological methods for weed control.

- *Action taken:* The revised BSP clarifies in Annex 3 that the use of funds should promote environmentally sustainable practices and explicitly discourages the purchase or application of chemical herbicides. Guidance on land management, including safe and lawful burning practices for smallholder agriculture, will be included in community facilitation materials.

In addition to the topics above, some of which are relevant to the IPP as far as it guides the implementations of safeguards approaches, the following was also raised specific to the IPP:

Topic 18: Clarity on the definition of Indigenous Peoples in the IPP. Participants raised questions as to which definitions of Indigenous Peoples and translations for 'adat' should be used in the documents, raising concerns of inconsistency with both international human rights and Indonesian legal frameworks. Kesultanan should be included in the IPP as part of adat community.

- *Response:* Definition of Indigenous Peoples used in this Program is consistent with the World Bank OP.4.10 definition of Indigenous Peoples. The criteria in which screening of Indigenous Peoples carried

out are consistent with OP.4.10, and generates 204 adat communities, which will be verified to receive the reward allocation. Legal recognition of MHA status does not affect the eligibility for *masyarakat adat/ kelompok adat* to receive reward allocation.

- *Action taken:* This has been reflected in the revised Benefit Sharing Plan. Further, the Introduction chapter in IPP clarifies this understanding of definition of Indigenous Peoples Information about Kesultanan has been included in the IPP.

Topic 19: Opt-out Clause in the FPIC Protocol: There was broad support for an opt out provision. However, some concern was raised that the *opt-out* clause may undermine voluntary consent. They noted that if a community declines participation, a safeguards specialist is assigned to discuss concerns with them, and funds are reallocated after six months, which may create pressure to re-engage.

- *Response:* The need for an opt out clause was highlighted by many participants, while also providing the possibility for reconsideration. Therefore, a during a six-month waiting period, communication is maintained to clarify outstanding concerns before communities make a final decision.

- *Action taken*: The Opt-out option is available and is clarified in in the FPIC protocol.

Finally, the following topics and issues were raised by participants and are acknowledged by the Government as important but were outside the scope of the revision of the Benefit Sharing Plan or Indigenous Peoples Plan to address. They pertain to broader issues in society or the FCPF or Government's legal framework that cannot be directly impacted via the BSP:

- Avoiding 'project-based' mindsets and promoting long-term sustainable development beyond the ER Program.
- Sustainably addressing tenurial conflicts.
- Legality and sustainability of various development projects, including mining, farming, water supply projects, and the construction of the new capital city, IKN.
- Consistency among macro-, meso-, and micro- level policies on forestry sectors and land use.

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Annex 3. Mahakam Ulu District Government MHA Committee Announcement of The Verification Result of Umaa Suling and Bahau Busang Umaq Suling *Adat* Communities[54]

PEMERINTAH KABUPATEN MAHAKAM ULU
PANITIA MASYARAKAT HUKUM ADAT

PENGUMUMAN
Nomor : 141/P101125.4.349/PPMHA.KAB/XI/2025

Untuk memenuhl ketentuan dalam Pasal 5 Ayat (4) Peraturan Bupati Nomor. 15 Tahun 2018 tentang Pedoman Identifikasi, Verifikasi dan Penetapan Masyarakat Hukum Adat di Kabupaten Mahakam Ulu, dengan ini diumumkan hasil verifikasi terhadap identifikasi rencana penetepan masyarakat hukum adat, sebagaimana terdapat pada tabel di pengumunan di bawah ini.

Sekretariat Panitia Masyarakat Hukum Adat Kabupaten Mahakam Ulu,
Dinas Pemberdayaan Masyarakat dan Kampung, Kabupaten Mahakam Ulu
Jl. Poros Kp. Ujoh Bilang - Kp. Long Melaham, Kec. Long Bagun,
Kabupaten Mahakam Ulu, Kalimantan Timur.

No	No. Berkas	Masyarakat Hukum Adat	Letak Wilayah Adat	Luas
1.	001/PPMHA.Kab/ XI/2025	Umaa Suling	Kampung Long Isun Kecamatan Long Pahangai	80,429 Ha
2.	002/PPMHA.Kab/ XI/2025	Bahau Busang Umaq Suling	Kampung Long Pahangai-I Kecamatan Long Pahangai	27,835 Ha

Ujoh Bilang, 10 November 2025

Sekretaris Daerah,
Selaku Ketua Tim
Pelindungan Masyarakat Hukum Adat
Kabupaten Mahakm Ulu.
Ditandatangani secara elektronik oleh :
SEKRETARIS DAERAH

Dr. Stephanus Madang, S.Sos., M.M
Pembina Utama (IV/e)
NIP. 19711225 199310 1 001

Untuk DOKUMEN ASLI di : https://tte.mahakamulukab.go.id dengan
#ID DOK : 14RF-2025-64-11-004

UU ITE No. 11 Tahun 2008 Pasal 5 ayat 1
Informasi Elektronik dan/atau Dokumen Elektronik dan/atau hasil cetaknya merupakan alat bukti hukum yang sah
Dokumen ini telah ditandatangani secara elektronik menggunakan Sertifikat Elektronik yang diterbitkan oleh BSrE, BSSN

Balai Sertifikasi Elektronik

[54] https://tte.mahakamulukab.go.id/tte-publish/2025/11/2025-64-11-0045295/182.2.102.142_1763103698907_signed.pdf

Translation

MAHAKAM ULU REGENCY GOVERNMENT
CUSTOMARY LAW COMMUNITY COMMITTEE

ANNOUNCEMENT

Number: 141/P101125.4.349/PPMHA. KAB/XI/2025

To comply with the provisions of Article 5, Paragraph (4) of District Regulation Number 15 of 2018 concerning the Guidelines for the Identification, Verification, and Determination of Customary Law Communities in Mahakam Ulu Regency, the results of the verification of the proposed establishment of customary law communities are hereby announced, as presented in the table below.

Secretariat of the Customary Law Community Committee of Mahakam Ulu District,
Community and Village Empowerment Office, Mahakam Ulu District
JI. Axis Kp. Ujoh Bilang - Kp. Long Melaham, Kec. Long Bagun,
Mahakam Ulu District, East Kalimantan.

No	File No.	Customary Law Community	Location of Customary Territory	Area
1.	001/PPMHA. Kab/ Umaa Suling XI/ 2025	Umaa Suling	Long Isun Village Long Pahangai Sub-District	80,429 Ha
2.	002/PPMHA. Kab/ XI/ 2025	Bahau Busang Umaq Flute	Long Pahangai-I Village Long Pahangai Sub-District	27,835 Ha

Ujoh Bilang, November 10, 2025
Regional Secretary,
Serving as Chair of the Customary Law Community Protection Team
Mahakam Ulu District

Electronically signed by:
Regional Secretary
Dr. Stephanus Madang

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ANNEX 4. LEGAL MHA RECOGNITION PROCESS OVERVIEW

The legal MHA recognition process involves the following steps:

- *Community Self-Identification and Preparation*. *Adat* communities and their traditional institutions (*adat* leadership, customary councils) *must prepare documentation* proving that they meet criteria such as: (i) customary institutional structure (*adat* governance); (ii) continued observance of customary/*adat* norms; (iii) clear territorial boundaries; and (iv) historical continuity of the community's existence and customary/*adat* practices.

- *Submission of Recognition Request*: The community then *formally applies for recognition* by submitting its documentation to the *subnational government* (usually at the district or provincial level). The community itself acts as the petitioner.

- *Sub-National Government Review and Validation:* The subnational government reviews the application through MHA verification committees. This often involves: assessing the documentation, verifying traditional territorial boundaries, consulting relevant *adat* leaders, and potentially conducting local field verification. Sub-national governments act as *facilitators and validators* at this stage.

- *Legal Recognition by Local Government Decree:* If the verification process is concluded by the MHA verification committee, the local authority issues a *formal legal decision* recognizing the community as an MHA. Recognition can take several legal forms, including: district or provincial decrees covering one or more communities; a decree specific to a particular community; a regional administrative decree; or, in some cases, court decisions.

- *Post-Recognition Rights and Follow-Up.* Once legally recognized as an MHA, the community can *seek recognition of customary land and forests* (e.g., *Hutan Adat*) through national ministries. To obtain *Hutan Adat/* Customary Forest titling, additional procedures under the Ministry of Forestry apply, including ministerial regulation procedures to change land status from state forest to customary forest. Recognition as MHA strengthens the community's standing in negotiations over land use and resource management with businesses and government agencies.