

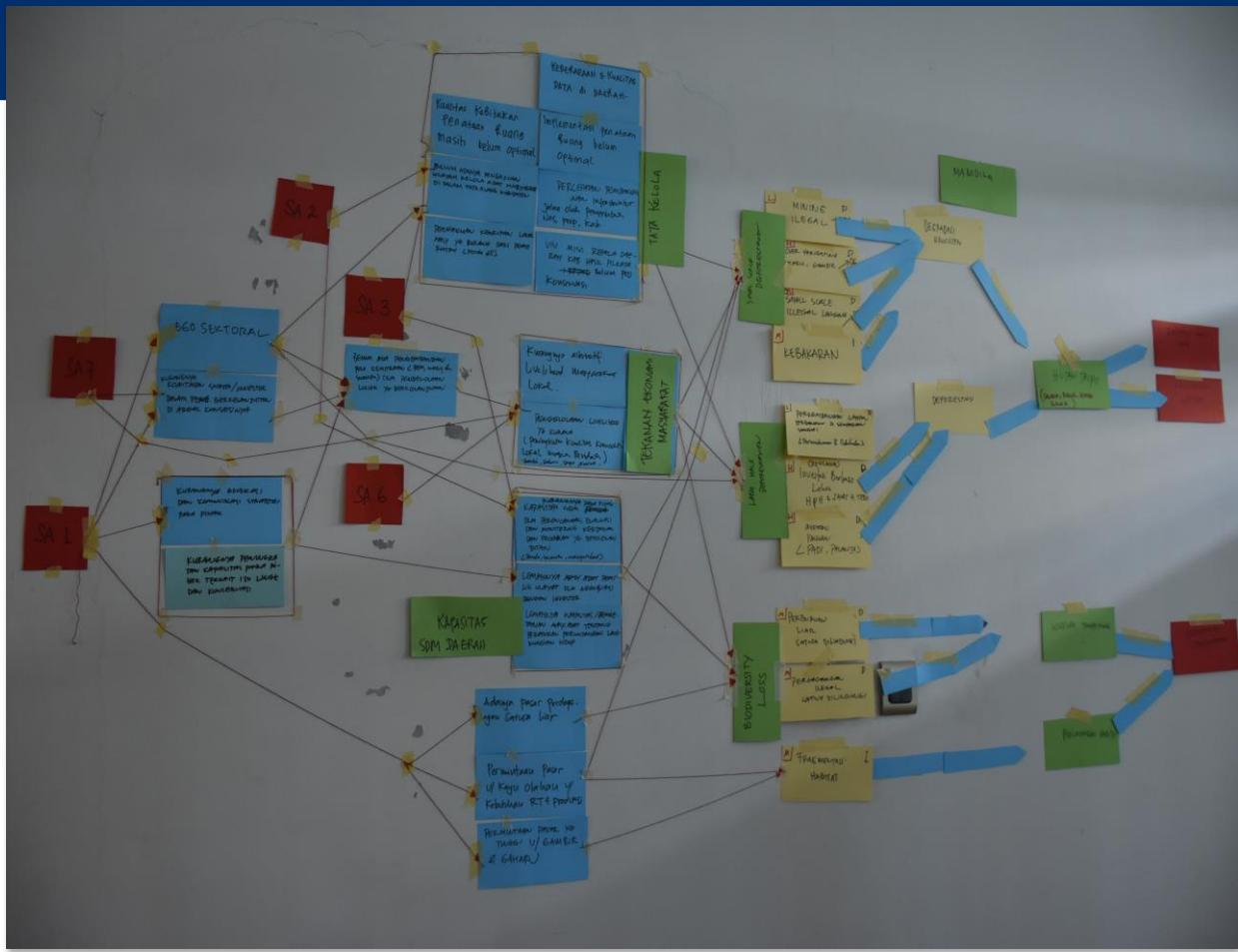


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# POLITICAL ECONOMY ASSESSMENT (PEA)

# USAID LESTARI

October 24, 2017



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**Implemented by:**

Tetra Tech  
P.O. Box 1397  
Burlington, VT 05402

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## **DISCLAIMER**

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# 1. EXECUTIVE SUMMARY

A Political Economy Analysis (PEA) was undertaken as a part of USAID LESTARI's ongoing mid-term assessment to increase the effectiveness of project strategies, tools and approaches toward meeting high level outcomes for greenhouse gas emissions reduction and biodiversity conservation. This involved visits to Aceh, Central Kalimantan and Papua project offices, interviews with various internal and external stakeholders, and a workshop with LESTARI staff to introduce them to PEA.

Weak governance is known to be a key driver behind unsustainable forest exploitation in Indonesia. Weak land/forest governance includes unclear tenure; uncoordinated government policies and actions; spatial planning and land use permitting processes that are untransparent and fail to protect forests, peatlands, and community rights; and weak law enforcement. Political and economic factors underlying weak governance include corruption in the land use permitting process, ongoing struggles for authority over land between the Ministry of Forestry and Environment and regional governments, and systematically compromised accountability mechanisms.

LESTARI approaches are currently more oriented to addressing problems resulting from 'weak government capacity' than from 'weak political will', whereas in fact weak political will is a primary factor preventing the achievement of the project's higher objectives. Put another way, in many cases deforestation and other unsustainable land use dynamics occur not just because of inadequate planning or policy, but also because of inadequate accountability in government and corporate activities.

The political economy of land use governance limits the effectiveness of purely technical approaches and calls for approaches which limit the space for decision making which prioritizes corporate and political interests to the exclusion of environmental considerations. This suggests the importance of engaging on issues of land use permitting transparency, detailed land use monitoring, public awareness and participation, and citizen engagement and advocacy. LESTARI already engages on these issues, but the emphasis can be strengthened and linked to specific project objectives.

## **Recommendations are summarized as follows:**

- Distinguish clearly between 'capacity gaps' and 'political will gaps' as much as possible in project Theories of Change which underlie project strategies and work plans so that more attention be devoted to addressing weak political will.
- Devote increased attention and resources to community empowerment, community tenure and livelihoods, advocacy efforts, transparency and monitoring initiatives, and improved law enforcement.
- Mainstream SA1 across all the other Strategic Approaches, devote increased resources (budget and staffing) to supporting citizen advocacy, public awareness, and stakeholder empowerment, and ensure indicators are adequate to cover these efforts, including intermediate outcomes.

- Mainstream the community-focused work for selected priority villages in buffer zones and/or high-risk zones, as the lynchpin for land use planning, co-management, green livelihoods, and advocacy activities.
- MSFs can be made more effective by revitalizing or establishing new MSFs/MSPs, with sufficient resources, backed by sufficient staff expertise in MSPs at the landscape level, and addressing issues of power, representation and capacity, and impact.
- Develop ‘MSF/MSP implementation strategies’ as a part of Year 3 Work Plan, and resource accordingly; also develop ‘process indicators’ in the AMEP to capture interaction between citizens and government.
- As much as possible, look for opportunities to strengthen policy implementation and enforcement rather than policy formulation or revision.
- Support improved law enforcement via: i) engaging with local governments and law enforcement authorities if possible; ii) partnerships with NGOs and media; iii) producing qualitative research on the dynamics behind activities leading to deforestation, fires or biodiversity loss in project landscapes; or iv) support for multi-stakeholder land use monitoring and response mechanisms.
- Support multi-stakeholder land use monitoring wherever possible, including in the form of ‘situation room’ for district government, a provincial data and response center, and also at the village level, for villages in buffer zone or high risk areas which have been prioritized by the project.
- Support for green livelihoods should be focused on priority villages (buffer zone and high risk areas), underpinned by intensive village facilitation processes, oriented towards products which do not incentivize deforestation, accompanied by real-time land use monitoring, and conditionality if possible (so that benefits from the green livelihood work can incentivize forest protection).

### **Recommendations for Central Kalimantan Katingan-Kahayan Landscape**

- Strengthen relationship with the provincial government, given changes in authority following Law 23 of 2014, as well as recent changes in provincial agency leadership.
- Focus attention on the ‘outline areas’ within the spatial plan, and facilitate a multi-stakeholder process to discuss how forest and peat in these areas should be managed.
- Intensify the village approach for the Sebangau National Park buffer involving tenure security, livelihoods, capacity support, and constituency building linking to advocacy approaches.
- Strengthen the project focus on fire risk mitigation.
- Offer support to governments for multi-stakeholder land use monitoring initiatives, such as a ‘situation room’.
- Support district level MSFs to prepare an environmental agenda for the upcoming 2018 district elections, which outlines key challenges and potential solutions.

## **Recommendations for Aceh Leuser Landscape**

- Meet with the new Governor and/or his team to hear his priorities and develop ideas for LESTARI support, related to spatial planning, RPJMD, law enforcement, and sustainable livelihoods in buffer areas. Another possibility is a multi-stakeholder ‘situation room’ to monitor land use dynamics using Global Forest Watch, drones, etc.
- The focus at provincial level could increasingly be on improving accountability and multi-stakeholder involvement in land use decisions and practices. The new MSF may use the Sustainable Development Caucus in DPRA built by ACCI. More broadly, a public campaign would raise awareness of the importance of Aceh’s forests.
- Engaging with communities and supporting sustainable livelihoods remains vital in order to ensure that communities in buffer areas receive benefits from forests. The number of priority villages could be increased, and the village facilitation process can be linked to livelihoods, citizen advocacy and the MSF, and district level governance. Tenure should be addressed when needed, for instance through social forestry schemes and/or *kerjasama* schemes with KPH under Qanun 7, focused on NTFP. Communities can be empowered to understand the risks of clearing forest for oil palm, and to participate in local monitoring schemes.
- Support for KPH could be oriented towards building multi-stakeholder monitoring and response mechanisms, and developing livelihood partnerships.
- Aceh Selatan: Community engagement and land use monitoring work can attempt to address encroachment into the Singkil Wildlife Reserve. The livelihood work (currently cacao) should as much as possible be oriented towards livelihood support in priority villages which incentivizes forest protection (e.g. NTFP).
- Meet the new Bupatis of Aceh Barat Daya, Aceh Tenggara, and Gayo Lues, to discuss collaboration opportunities. MSFs (or MSPs) can be revitalized or re-started, to strengthen the interaction between communities and local government. Engagement on issues of RPJMD and/or KLHS can potentially be useful as ways to support a broader stakeholder dialogue on the development direction for the district.

## **Recommendations for Papua landscapes**

- Build on the PEA workshop process during the year 3 Work Plan process as an opportunity to strengthen project synergies (between coalition partners as well as project approaches and landscapes). This can involve the LSM-PEA-ToC-risk versus impact framework as recommended above.
- There has already been discussion about supporting an MSF/MSP at provincial level, potentially using existing multi-stakeholder groups, and facilitating a broad stakeholder discussion on the role of forests in future Papua development. This provincial level discussion should seek to link together the various issues encountered in LESTARI’s Papua landscapes, most importantly sustainable management of protected areas, and large scale land-based investments. The MSF would form a constituency to drive reform, including establishment and operation of

the SIMTARU system (and generally, accountability for land use by government and companies).

- There is a need for a ‘capacity-first’ approach for activities in Papua, due to the lack of capacity in communities and district level governments. This means more engagement with district agencies to build understanding of HCV and sustainable forest management as well as transparency and good governance; and more engagement with communities near protected areas or near large undeveloped concessions so that communities can understand more about FPIC, how to engage with companies, forest governance, oil palm (as it will be increasingly developing) and tenure recognition.
- A key emphasis should be on helping stakeholders to understand what is happening in terms of forest management and land use, in the spirit of a multi-stakeholder ‘spatial plan watch’ initiative. This would involve working with local government to make certain data public, supporting civil society groups to request access to information, supporting a multi-stakeholder land use monitoring mechanism, and assisting stakeholders in understanding and acting on the data.
- Where adat communities already have de facto control over forests, struggling for legal recognition of their rights is perhaps not as high a priority. Rather, the emphasis could be on engaging with stakeholders to build commitment to sustainable forest management, supporting land use monitoring, and facilitating access to green livelihood support.
- For the Cyclops landscape, the approach should involve empowerment of adat villages, supporting patrols and land use monitoring, building a strong MSF, and economic programs for buffer areas.
- For the Mappi-Bouven Digoel landscape: approach the Mappi Bupati to collaborate on HCV in land-based investments, or a multi-stakeholder process centered on KLHS or RPJMD; approach the Bouven Digul Bupati to collaborate on a permit review, land use monitoring mechanisms, and community empowerment approach for priority communities near the concession areas. Revitalize an MSP centered on the concessions and community livelihoods.
- For Lorentz Lowlands landscape: for Mimika district the MSF could be further developed through more engagement in priority communities (including Kampung Nayaru), broader awareness campaigns (potentially using flooding as an issue as it has already occurred in PT PAL), and engagement with the company as possible (they are seeking to join the MSF).

#### **Recommendations on embedding the PEA approach in LESTARI**

- Apply PEA during the upcoming process for developing Year 3 Work Plans, using LSM, PEA, ToC and risk versus impact analysis.
- Consider offering advocacy training for key field staff, and source additional advocacy expertise (consultant/advisor) as needed to support the development of advocacy strategies for any project activity where political economy dynamics are likely to underpin a ‘lack of political will’ for reform.

- Nominate a staff member in each landscape to act as a PEA coordinator/motivator.
- Embed PEA thinking into LESTARI administrative procedures, such as SoW requests and quarterly/annual reports.

## 2.BACKGROUND/OBJECTIVES OF PEA

Political economy analysis (PEA) has been gaining recognition within the development sector as a useful tool in understanding how political will (or lack thereof) impedes or enables reform. USAID's 2013 Democracy, Rights and Governance Strategy recommended the use of PEA as a key tool in developing integrated assistance portfolios. The 2016 USAID PEA Field Guide recommends that PEA be used to develop "pragmatic approaches to development, attuned to context, political factors and power dynamics", that PEA capacity be built amongst local staff, and that this reflects a move towards "thinking and working politically" which is needed for both aid effectiveness and sustainability.<sup>1</sup> Thinking and working politically is useful for aid effectiveness since it can improve the likelihood that the project achieves its primary objectives, and it is useful for sustainability since a 'political' approach aims to empower local coalitions to advocate for policy reform, contributing to strengthened citizen action and networks for advocacy which may persist even after the project ceases.

One important note is that the term 'political' in PEA does not refer to the formal politics of parties and elections. Rather, politics as used in PEA is much broader, referring to "the processes of conflict, negotiation and cooperation between interest groups in the use, production and distribution of resources" (DFID 2009: 26). It is, bluntly, about who gets what, and how that gets decided. Similarly, a 'political approach' for a development program is one that is designed based on an understanding of politics and power in the local context. For a brief introduction to various forms of PEA, key concepts, and tools used in applying PEA to development aid program design and implementation, see the PowerPoint slides included in Annex 6.

*Working politically in development means supporting, brokering, facilitating and aiding the emergence and practices of developmental or reform leaderships, organizations, networks and coalitions, in the public and private fields, at all levels, and across all sectors, in response to, and in concert with, initiatives and requests from local individuals and groups. It means investing in processes designed to support the formation and effectiveness of developmental coalitions, sometimes over long periods, committed to institutional reform and innovation by enhancing not just technical skills (the conventional domain of capacity building) but also the political capacity of organizations in areas such as negotiation, advocacy, communication and the generation of constructive policy options. (DLP 2011: 8).*

PEA is particularly important in the field of land use governance in Indonesia, where a host of powerful political and economic interests lie behind weak governance, which in turn enables high rates of deforestation, biodiversity loss and greenhouse gas emissions. This suggests the need to design project approaches not just around technical approaches but

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<sup>1</sup> USAID. Applied Political Economy Analysis (PEA) Field Guide, 4 February 2016. See p2-3 of <https://www.usaidlearninglab.org/library/applied-political-economy-analysis-field-guide>

also political analysis and advocacy strategies which seek to act on power relations, empowering marginalized groups of stakeholders to have a stronger voice in decisions related to the governance of land and forests.

A lack of accountability in land use governance allows powerful corporate and political elites to make decisions based on short-term benefits. Those less powerful – forest-dependent communities, indigenous groups, communities impacted by mining and plantations – systematically lack land tenure security, equitable benefit sharing arrangements, and access to legal restitution. Some key questions in the political economy analysis of land and forest governance in Indonesia are thus:

- What kind of governance arrangements could realistically be improved by the program given existing power relations?
- What processes – including processes which act on those power relations – would be necessary in order to achieve those reforms?

## Objectives

The Scope of Work for the Political Economy Analysis stated the **objectives** as follows: *An integral part of LESTARI's ongoing mid-term assessment, the objective of this assignment is to facilitate a political economic analysis (PEA) in representative landscapes in Aceh, Central Kalimantan and Papua to increase the effectiveness of project strategies, tools and approaches toward meeting high level outcomes for emissions reduction and biodiversity conservation. This PEA will look at the interaction of political and economic processes effecting forest and land use practices and decision making in LESTARI landscapes.*

*Facilitated in a participatory manner in order to ensure LESTARI staff buy-in and capacity building, the PEA will contribute to an understanding of power dynamics and political drivers to landscape-specific threats; identify promising strategies and approaches for addressing these threats; identify key champions and reformers; test, clarify and minimize key project assumptions; identify risks and blocks getting in the way of intended results; and foster LESTARI-wide adaptive management and learning culture. Importantly, this PEA will build-off of LESTARI's ongoing Theory of Change work and be closely aligned to the development of landscape-specific situation models.*

# 3. DESCRIPTION OF PROCESS UNDERTAKEN

In accordance with the Scope of Work (see Annex 1), the PEA was carried out over six weeks of work, taking place between 3 April and 31 May 2017. A brief summary of the week-by-week activities can be found below. A more detailed summary, including precise dates and listing each interview undertaken, can be found in Annex 2.

## Box 1: Activity Schedule

**Week 1 (April 3-8):** Start-up, document review, interviews with key LESTARI staff in Jakarta, and preparation of Work Plan as initial deliverable (see Annex 2).

**Week 2 (April 9-14):** One-week landscape-level PEA in Central Kalimantan, including interviews with LESTARI staff and (6) external stakeholders, internal discussions/workshop to develop a Landscape Situation Model for Central Kalimantan, and a political economy workshop to build staff capacity on political economy approaches.

**Week 3 (April 16-21):** One-week landscape-level PEA in Aceh, including interviews with LESTARI staff and (8) external stakeholders, internal discussions/workshop to develop a Landscape Situation Model for Aceh, and a political economy workshop to build staff capacity on political economy approaches.

**Week 4 (May 5-11):** One-week landscape-level PEA in Papua, including interviews with LESTARI staff and (11) external stakeholders, internal discussions/workshop to develop Landscape Situation Models for Papua, and a political economy workshop to build staff capacity on political economy approaches.

**Week 5 (May 11-16):** Reviewing data collected so far, conducting additional interviews/discussions with senior LESTARI staff in Jakarta, preparing main results in presentation form, and delivering the presentation for obtaining input in drafting the report.

**Week 6 (May 23-31):** Preparation of field reports and final report.

Challenges experienced during the process included:

- The complexity of the project, with three main components, eight strategic approaches, many activities assembled into annual work plans, and a number of internal reviews already undertaken, yielding useful lessons for further improving implementation. In order to handle this complexity, the PEA was focused on what were judged to be the main threats and the main approaches in each landscape. This means that many of the other threats and approaches were not the focus of the PEA. Given the limited time for the PEA (approximately four days in each province), the PEA results are necessarily reliant on the knowledge of LESTARI staff (which is a good thing) and also of limited depth. Additional PEA work can and should be conducted within the LESTARI program; see recommendations for more concrete ideas on how this can be done.

- The variance between the project's landscapes, in terms of threats, political economy drivers, project approaches, institutional arrangements (consortium partners), and individual staff (varying experience and interest in PEA). Part of the response to this variance was to develop Landscape Situation Models relevant for each particular landscape; this was a good decision and helped with the overall process of PEA analysis. A second response to this variance was to adapt the PEA approach on each field visit, for instance by increasing the time allocated to interviewing LESTARI staff, and by adapting the content of the one-day PEA workshop in each landscape. The additional complexity in Papua, where there are four project landscapes with different challenges, meant that the PEA was not able to provide a detailed analysis relevant to each landscape.

# 4. HIGHER LEVEL RESULTS AND RECOMMENDATIONS

## Brief summary of the political economy of poor land/forest governance in Indonesia

Weak governance is known to be a key driver behind unsustainable forest exploitation in Indonesia. Weak land/forest governance includes:

- Unclear land tenure, lack of recognition of indigenous rights, forest zone boundaries not established through mandated process with stakeholders, lack of FPIC in land acquisition, and widespread land conflict.
- Uncoordinated, unclear or overlapping authorities between sectors and between levels of government.
- Spatial planning and land use permit processes which are untransparent and fail to protect forests, peatlands, and community rights.
- Failure to implement and enforce environmental safeguards or to stop unsustainable illegal practices.

Political and economic factors underlying Weak governance include:

- Corruption in the land use permitting process, related to electoral campaigns and patronage networks.
- Ongoing struggle for authority over land between the Ministry of Forestry and Environment and regional governments, playing out through negotiations over forest zone boundaries and the provincial spatial plan, where corporate interests often take precedence over environmental protection due to patronage relationships between economic and political elites.
- Systematically compromised accountability mechanisms, including weak land use monitoring and law enforcement, enabling companies to operate without legal permits, to escape enforcement over infractions in the field, and to access land with under local/indigenous claims.

This section will not go into more detail about the general political economy dynamics underlying weak governance of land and forests across LESTARI landscapes; rather, more detailed dynamics will be presented in the subsequent sections on each landscape. This section, instead, will make a number of higher level recommendations on how LESTARI could adjust its overall approach, in ways which would strengthen the ability of the project to achieve impacts given the political economy dynamics sometimes lie behind weak policy implementation, government accountability and enforcement. The recommendations in this section build upon various observations that have been made from within the project leading up to the Mid Term Assessment process.

LESTARI approaches are currently more oriented to addressing problems resulting from ‘weak government capacity’ than from ‘weak political will’, whereas in fact weak political will is the primary factor preventing the achievement of the project’s higher objectives. Put another way, in many cases deforestation and other unsustainable land use dynamics occur not just because of inadequate planning or policy, but because of inadequate accountability in government and corporate activities.

Development plans may be technically sound in terms of environmental safeguards but may fail to be integrated into sectoral work plans, to be adequately budgeted for, or to be implemented in practice. Where good development plans meet political economy interests and elite networks, the former typically loses. Weak law enforcement further undermines impact. This means that it is entirely possible for an approach providing technical support to government on plans and policies to lead to very little impact on the ground in terms of avoided emissions.

Although the LESTARI Situation Model (and other project documents) do recognize factors such as ‘insufficient leadership/political will’, ‘insufficient monitoring and enforcement’, ‘lack of public awareness, appreciation and advocacy’, ‘lack of incentives for conservation [as opposed to exploitation]’, ‘perverse incentives’, and ‘lack of transparent, accountable and participatory land use decisions’, currently project approaches are based more on the assumption that threats to forests and biodiversity result from ‘weak government capacity’ than on ‘weak political will’. This means that the project has supported a number of activities oriented towards strengthening capacity, but has found that in a number of cases new policies are not implemented or enforced, due to the lack of political will. There is a need to strengthen the emphasis of the project on addressing political will gaps.

**Recommendation:** Distinguish clearly between ‘capacity gaps’ and ‘political will gaps’ as much as possible in project Theories of Change which underlie project strategies and work plans, in order that more attention be devoted to addressing weak political will.

Much political economy analysis is oriented towards unpacking ‘weak political will’ to understand the incentives and disincentives influencing the behavior of each key stakeholder, especially government actors with authority to address the issue. Theories of Change (ToC) already created for each of the eight Strategic Approaches should be reviewed through this lens, and more detailed landscape-level Theories of Change should be developed, to ensure that gaps in political will are identified and adequately addressed in project approaches. It is an analytical exercise to decide whether capacity or political will gaps are more causal for each driver, and so these ToC analyses should be developed through a participative process with project staff, and regularly updated. The immediate focus would be to identify which project approaches require an intensified ‘political’ approach to address gaps in political will.

Currently, there is significant awareness of ‘political’ hurdles faced in achieving project objectives, but this awareness is not yet integrated sufficiently into project approaches. Instead, the project is currently weighted more towards ‘technical’ approaches, involving support for development of new policies or scientific assessments, training and capacity building, and working closely with local government counterparts. These approaches are needed, but for problems with complex political economy dynamics lying behind government

decision making, technical approaches must be accompanied by ‘political approaches’ to address weak government accountability, implementation and enforcement. Political approaches are broadly aimed at building broader stakeholder involvement in governance processes, and creating pressure on government officials to overcome weak political will for reform.

This can be pursued in the following ways:

- Empowering communities to understand the issues, and participate directly in governance decisions regarding land use and forest management.
- Strengthening the ability of communities to achieve clear land tenure and forest management rights, and to obtain livelihood benefits from forests.
- Supporting advocacy efforts, by empowering citizens and civil society groups to be able to aggregate and express their interests to decision makers, and to pursue democratic means of pressuring leaders to take action. Improved public awareness can be a part of these efforts.
- Support ‘good governance’ efforts, which increase transparency of information related to land use and forest management, public monitoring of governance decisions and land use change.
- Support improved law enforcement, for instance through improved land use change data and monitoring capacity, multi-stakeholder monitoring efforts, institutional partnerships, or other means.

**Recommendation:** Devote increased attention and resources to community empowerment, community tenure and livelihoods, advocacy efforts, transparency and monitoring initiatives, and improved law enforcement. Most of the above are already part of the LESTARI strategy; however there is a need to increase the emphasis – and resources – devoted to these approaches. Currently, much of this work is collected under Strategic Approach 1 (Advocacy and Awareness), but it may be more effective to mainstream SA1 across all the other Strategic Approaches, to ensure that weak political will is addressed wherever it occurs across all project initiatives. In doing so, care should be taken to disentangle initiatives focused on *awareness raising*, *village organization/empowerment*, *citizen advocacy*, and *coalition building*, since each of these require different strategies and resources, and will potentially impact in different ways. This could be done in landscape-level theories of change, for instance (see last section of this report).

**Recommendation:** Mainstream SA1 across all the other Strategic Approaches, devote increased resources (budget and staffing) to supporting citizen advocacy, public awareness, and stakeholder empowerment, and ensure indicators are adequate to cover these efforts, including intermediate outcomes. Ensure advocacy strategies are clear in the year 3 Work Plan, built into detailed theories of change, and linked to MSF activities, INFIS/Mongabay work, and village empowerment work.

If increased attention is to be devoted to Strategic Approach 1, mainstreamed through all project activities and approaches, two important implications should be considered. First, what human resources inputs will be needed. This could be in the form of training for selected staff members and/or a (consultant or staff) advocacy specialist. Second, much has been written on the difficulty of monitoring and evaluation in projects which support advocacy efforts, since impacts are rarely achieved via a well-defined and predictable pathway from activities to outcomes.<sup>2</sup> Where project activities are oriented towards supporting advocacy efforts, the monitoring and evaluation indicators should measure intermediate outcomes (such things as citizen voice, changing awareness and attitudes, new coalitions or alliances, civil society efforts towards government accountability, and so on) in order to ensure the monitoring and evaluation framework can track progress through the theory of change and produce information for continual learning and improvement.

### **Box 2: Advocacy Approaches**

Young and Quinn (2012: 26) define policy advocacy as “the process of negotiating and mediating a dialogue through which influential networks, opinion leaders, and ultimately, decision makers take ownership of your ideas, evidence, and proposals, and subsequently act upon them”. There are a host of different approaches to advocacy, including media advocacy, grassroots advocacy, legal advocacy, and more. Advocacy efforts can be strengthened by improving group consolidation, capacity building, networking, dialogue processes, street actions, and public awareness.

During the PEA fieldtrips, a number of advocacy strategies undertaken by LESTARI were noted. Two of these were non-confrontational and not based on citizen mobilization. One was to hire an intermediary to enhance a close relationship with decision makers so that policy messages could be received more easily, or so that the interests of the decision makers could be known to LESTARI so that LESTARI could assist as needed. An example of this is the hiring of Pak Bakti Siahaan in Aceh; he has had a close relationship with Governor-elect Irwandi in the past, advising on environmental policies. A second strategy was to build new relationships with key decision makers, for example by inviting them to join the MSF or selecting them as leader of the MSF (MSF members often wanted to select as their leader the most politically powerful member of the MSF, in order that their voice could be communicated by that leader to other bureaucrats/politicians in the district).

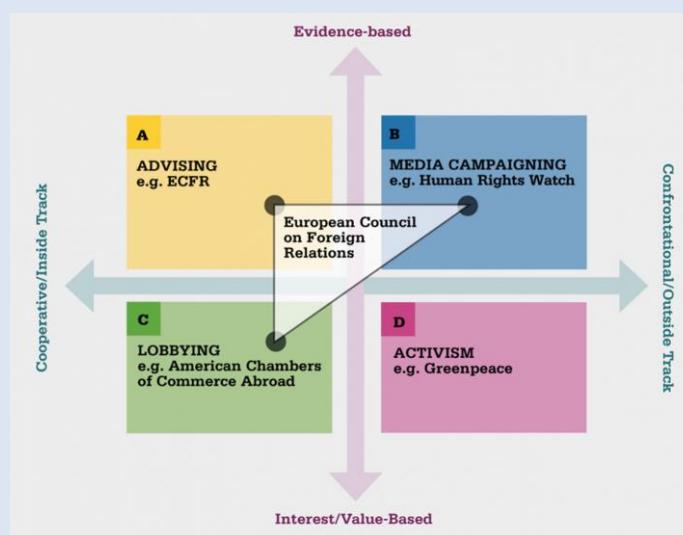
Several other strategies are mentioned under Strategic Approach 1, including public awareness raising and strengthening constituencies. Public awareness raising seems oriented towards spreading information to key stakeholders in order that they be empowered to change their behavior or press for reform as a result. Constituency building is about knowledge and dialogue also but has a component of organizing, empowering groups to communicate aspirations, etc. All of these strategies can be useful and lead to impact. At the moment it appears that the public awareness and

<sup>2</sup> For instance see Kleinfeld, Rachel 2015. Improving Development Aid Design and Evaluation: Plan for Sailboats, Not Trains. Washington DC: Carnegie Endowment for International Peace. Available at: [http://carnegieendowment.org/files/devt\\_design\\_implementation.pdf](http://carnegieendowment.org/files/devt_design_implementation.pdf). See also Duncan Green 2016. How Change Happens. Oxford: Oxford University Press. Available at: <http://how-change-happens.com>.

constituency building strategies are not yet resulting in vocal advocacy efforts which pressure government officials to implement and enforce new policies. If these strategies are considered important, it is worth reviewing monitoring and evaluation framework to see if there are intermediate indicators which measure these processes, in order to contribute to learning and continual improvement regarding the project's impact through support for advocacy efforts.

Young and Quinn (2012: 28) distinguish advocacy approaches based on whether an organization takes a confrontational or cooperative approach, and whether they rely primarily on evidence or on interests/values. These two distinctions combine to yield four broad approaches to advocacy: advising, lobbying, media campaigning, and activism (see Figure 1 for a visual depiction).

**Figure 1. Policy Advocacy Approaches**



Organizations can engage in more than one of these approaches, but many organizations are structured to engage in just one – hence the importance for advocacy coalitions to be developed between organizations with different approaches, for more effective overall strategy.

Source quoted: Eóin Young & Lisa Quinn 2012, *Making Research Evidence Matter: A Guide to Policy Advocacy in Transition on Countries*. Open Society Foundations: Budapest, Hungary. Available at: <http://advocacyguide.icpolicyadvocacy.org>

Currently LESTARI devotes some attention to community engagement, but efforts are not yet mainstreamed enough in order to empower communities to advocate for their interests in ways which might address political economy dynamics behind weak land use governance, nor to build synergies between various approaches within LESTARI.

The need to improve synergies across LESTARI components has been raised, for instance the need to ensure that green livelihood support can effectively incentivize forest protection. This sort of synergy requires the identification of priority villages in buffer areas near protected forests, or in high risk areas (where threats of deforestation, fires, illegal logging, poaching are high). These priority villages then should receive attention from the various

components within the project, including green livelihoods, village level planning, citizen empowerment, and improved forest management. That is, the need to synergize project approaches dovetails with the need to strengthen the ‘citizen empowerment and advocacy’ aspects of the project in order to address political economy dynamics, and these purposes can both be served by mainstreaming community engagement within the project, focusing on a set of priority villages.

**Recommendation:** Mainstream the community-focused work for selected priority villages in buffer zones and/or high-risk zones, as the lynchpin for land use planning, co-management, green livelihood, and advocacy activities. Mainstreaming would mean that a facilitated village planning process then links to further support in the form of village empowerment and advocacy, sustainable forest livelihoods, and tenure security.

To some extent this is already underway in LESTARI, with a number of priority villages already identified and engaged. This is a well-chosen approach; the engagement with these priority villages can provide the entry point for a number of other project activities and approaches, where a facilitated bottom-up village-level process can put the village into an empowered role vis-à-vis these other project activities. This could involve:

- A well facilitated village planning process, resulting in a village spatial plan and village development plan (RPJMDes) which identify priorities and needs related to sustainable land use and sustainable livelihoods, including forest-based livelihoods. It is then expected that the village budget (APB Des) could be partly allocated towards some of these needs, and that LESTARI could also orient support towards these needs.
- A village empowerment process, which could include the selection of local ‘champions’ for further training and knowledge-building, so that they (along with village leaders) can play a leading role in expressing village interests upwards to sub-district and district level, in order that village needs related to forest and land governance can be heard. It should also include information and capacity building for villagers in order that they are able to negotiate with companies over land use (rather than selling their land or receiving mere cash payouts), including knowing about FPIC. This might include demands for information from district or provincial government regarding concessions, information related to fire prevention programs, and new policies regarding land tenure security (including indigenous rights recognition). Engaging communities to actively monitor land use in their village areas could be a part of this. In this way, support for priority villages would then feed into broader support for advocacy, via MSF, other MSPs, public campaigns (e.g. ‘forests for water’ in Aceh), or other means.
- Identification of possibilities for supporting sustainable forest livelihoods, specifically NTFP and sustainable timber, paludiculture if on peatlands, and other possibilities such as eco-tourism or PES. Efforts should be oriented towards ensuring that villagers increasingly receive benefits from forests, in order to incentivize their protection.
- Identification of need and feasibility of improving community tenure, whether this is in the form of land certification, agrarian redistribution, social forestry (HKm, HTR, Hutan Desa, kemitraan), recognition of indigenous land rights (and *hutan adat*), re-

zoning of National Parks (*zona pemanfaatan* etc.), or alternative schemes such as ‘kerjasama’ in Aceh (under Qanun 7/2015).

To the extent that this may represent a shift in emphasis for the current project implementation strategy, there may be a need to assess needs for certain types of expertise among existing staff, or the need for additional staff, in particular for community facilitation, land tenure and social forestry, and advocacy.

Multi-stakeholder fora have been a part of project design since IFACS, but it has been noted that the MSFs have generally been functioning more as project coordination mechanisms or to assist in implementing activities, rather than as discussion forums where key stakeholders discuss problems and design win-win solutions, or as venues where weak stakeholders get the opportunity to advocate their interests to decision makers and thereby achieve solutions which can potentially limit forms of unsustainable land use exploitation which occur due to the interests of political and corporate elites at the expense of village communities and the broader citizenry.

Multi-stakeholder fora (MSF) are notoriously difficult structures to work with in Indonesia, and LESTARI has already recognized that it may be more appropriate to speak of multi-stakeholder processes (MSP), allowing for possibilities other than fora. MSFs can be challenging, as it is not easy to gather an inclusive set of stakeholders and foster open debate during scheduled meetings to agree on solutions. A variety of risks have been noted, including: i) the ‘right’ set of stakeholders do not attend; ii) the MSF becomes overly politicized/partisan, or dominated by other elite interests; iii) the MSF becomes inactive without project funding and/or support; or iv) the MSF makes recommendations which do not lead to any impacts. It has been noted that some MSF members (e.g. Pulang Pisau) feel that it is not appropriate for the MSF to make requests of government, suggesting that an advocacy-oriented MSF would take some work to achieve. Several MSFs appear to operate by electing as MSF leader the most powerful government official available; this can be a good strategy for ‘access’ but may be less amenable to the empowerment of weaker stakeholder voices.

It appears that the MSFs in LESTARI would ideally focus both as a platform for discussion between stakeholders, and as a form of empowerment for weaker stakeholders so that their voice is heard. Several key issues behind the success of MSFs are *representation, power, and capacity*. If MSF members can be said to *represent* groups of stakeholders, for instance particular villages, then there must be adequate processes of consolidation at the village level – i.e. some sort of discussion involving villagers which articulate a position and legitimize the representative to convey this in the MSF, where this is based on an adequate understanding of the issues at hand. *Power* issues within the MSF are vital, in order that the dynamics within the MSF do not simply reproduce the power structures of the broader society – as those power structures often lie behind unsustainable forest exploitation. In order to ensure that power dynamics do not derail the objectives of the MSF, it is necessary to focus on selection of members, internal governance arrangements (in terms of how debates are run, how dissent is expressed and handled, how decisions are made), what the role of an MSF leader is, and how membership can be changed. There is a need for power analysis in order to establish and run the MSF in an effective manner. Another key factor is

the capacity of MSF members, both in terms of understanding the issues being discussed, and also in terms of being capable of participating fully in the MSF process as planned (e.g. negotiation skills).

Recommendation: MSFs can be made more effective by revitalizing or establishing new MSFs/MSPs, with sufficient resources, backed by sufficient staff expertise in MSPs at the landscape level, and addressing issues of power, representation and capacity, and impact, by:

- Allowing other possible modes of interaction (i.e. MSPs not just MSFs)(another related point is that it is often better to make use of existing MSFs rather than creating new ones).
- Ensuring power issues are analyzed and addressed, to empower weaker stakeholders to fully participate (for a good resource on this, see Brouwer and Woodhill 2016).<sup>3</sup>
- Ensuring MSF members have the required capacities (technical, political), and access to adequate data (on governance decisions, policies, land use)
- Ensuring MSF members represent larger groups, and processes of consolidation of the represented occur, and contribute to a strengthened constituency
- Linking MSF/MSP activities into LESTARI's broader advocacy strategy, as articulated via landscape-level Theories of Change which articulate how these strategies will address political economy dynamics or political will gaps. The broader strategy could involve alliances with other civil society groups and local parliament, links to prioritized communities and facilitated planning processes there, media advocacy, etc.

Issues such as whether MSF membership should be established by local government decree, and whether individuals or organizations/position should be stipulated rather than individual names, are important also.

Key staff may need additional capacity/training in MSPs, power analysis and advocacy in order to design and implement effective MSP strategies for particular project objectives.

**Recommendation:** Develop 'MSF/MSP implementation strategies' as a part of year 3 Work Plan, and resource accordingly; also develop 'process indicators' in the AMEP to capture interaction between citizens and government, including aspects of transparency of relevant data, formulating solutions, and accountability initiatives. MSPs may require the development of new indicators to track processes in order that learning can be optimized and 'process achievements' can be recognized.

**Recommendation.** As much as possible, look for opportunities to strengthen policy implementation and enforcement rather than policy formulation or revision.

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<sup>3</sup> Brouwer, Herman and Woodhill, Jim, with Hemmati, Minu, Verhoosel, Karèn and van Vugt, Simone (2016) *The MSP Guide: How to design and facilitate multi-stakeholder partnerships*, Wageningen: Wageningen University and Research, CDI, and Rugby, UK: Practical Action Publishing, <http://dx.doi.org/10.3362/9781780446691>.

This recommendation results from the dynamics of policy implementation in Indonesia, where the formulation of a new policy does not in any way necessitate a serious process of implementation (and budgeting) for the policy by anyone, let alone one which is coordinated across agencies and levels of government. Formulation or revision of policy faces its own challenges and vested interests blocking reform, but it is also possible that government counterparts may support a policy formulation process but be unable or unwilling to effectively implement it. This means that investments in policy formulation carry high risks of low impact, whereas efforts devoted to implementing existing policies are somewhat more likely to produce impact. Of course new policies and revisions to existing policies are needed, but must be accompanied by a clear strategy to support implementation, given existing political economy interests (politics of budgeting, potential spoilers etc.), which may require a long timeline and significant efforts and resources. For this reason, the program could review opportunities to support implementation of existing policies, even if not perfect, in order that concrete impacts may be more quickly achieved.

Similarly, since many environmental policies and regulations are not enforced, law enforcement is not very effective as a disincentive for forest encroachment by oil palm, planting outside of one's concession area, burning, etc. Although supporting law enforcement efforts is difficult, there are nevertheless opportunities to contribute to the enabling environment for law enforcement.

**Recommendation:** Support improved law enforcement via: i) engaging with local governments and law enforcement authorities if possible; ii) partnerships with NGOs and media; iii) producing qualitative research on the dynamics behind activities leading to deforestation, fires or biodiversity loss in project landscapes; or iv) support for multi-stakeholder land use monitoring and response mechanisms.

Capacity building for law enforcement authorities or for provincial and district level environment agencies should be integrated into multi-stakeholder land use monitoring initiatives if possible, since one of the basic tenets of the political economy of governance in Indonesia is that single-actor oversight mechanisms almost universally fail to operate effectively, being susceptible to cooptation, disempowerment through inadequate budgets, bribery, or lack of capacity due to inappropriate staffing. Partnerships with NGOs and media can help to raise attention to certain illegal actions causing deforestation or fires. Qualitative research can help to identify the causal dynamics of threats, or obstacles to effective law enforcement.

A primary contribution that could be made by the project is to support multi-stakeholder land use monitoring and response mechanisms. Currently district and provincial governments do not systematically track deforestation and fires in technically robust ways where real-time alerts lead to quick responses in the field. There are a host of new technological opportunities, from using the real-time deforestation and fires updates on the Global Forest Watch platform (<http://www.globalforestwatch.org>), to the now-affordable price and usability of unmanned aerial vehicles (UAV/drones). The key is to make the link between monitoring and responses, and to ensure that data is regularly made available to a mixed set of stakeholders (including NGOs and media) so that there is transparency that can produce pressure for adequate response by government. Qualitative research is also needed so that law enforcement initiatives do not unfairly target villagers as opposed to more powerful

interests which may be funding and/or guiding the illegalities. This initiative requires knowledge of GIS and new technological developments, but the multi-stakeholder is equally important to incentivize action; government must not have a gatekeeper role over the data. Data should be utilized by media, NGOs, and the MSF in formulating and supporting solutions to address land use dynamics.

Monitoring efforts must be paired with response efforts, so that emerging deforestation and fire threats can be managed and cessation of the threat can be verified. As above, response teams should not be from a single institution or stakeholder but must be multi-stakeholder. This may be an opportunity to involve progressive companies.

**Recommendation:** support multi-stakeholder land use monitoring wherever possible, including in the form of ‘situation room’ for district government, a provincial data and response center, and also at the village level, for villages in buffer or high risk areas which have been prioritized by the project.

If preventing deforestation and fires in priority villages is a key strategy of the project, then those things must be monitored in near-real time for those areas, with the involvement of locals. This will require a proper process of village facilitation as well as a set of incentives suitable to lead to impact from the monitoring program.

If a broader ‘Spatial Plan Watch’ or ‘Land/Forest Watch’ initiative is planned at district or provincial level, the following sorts of information could be used/monitored:

- Spatial planning zonation, and changes (forest release permits, borrow-use permits)
- Concession permits, especially boundaries, and company ownership, company environmental impact assessments (*amdal*)
- Company action on the ground (FPIC, burning, deforesting)
- Known areas of HCV/HCS forest/peat
- Land use dynamics: deforestation and fires
- Endangered species poaching hotspots
- Any relevant local policies such as fire prevention plans

**Recommendation:** Support for green livelihoods (under Strategic Approach 6) should be focused on priority villages (buffer areas and high risk areas), underpinned by intensive village facilitation processes (to link sustainable forest management with green livelihoods in village planning), oriented towards products which do not incentivize deforestation (e.g. NTFP), accompanied by real-time land use monitoring (to verify that deforestation is being reduced) and conditionality if possible (so that benefits from the green livelihood work can incentivize forest protection).

### **Box 3: On ‘Leaps of Faith’ in the Strategic Approaches**

One method of utilizing a PEA lens in reviewing project approaches which was suggested during the PEA research was to review the Strategic Approaches and identify ‘leaps of faith’, where PEA dynamics would likely make it difficult for the project activities to achieve the next stage of change desired, i.e. where (unwritten) assumptions were likely to be problematic, leading to diluted achievements. Although information on these problematic assumptions is embedded throughout this report in different ways, it is worth making explicit mention of some aspects of the Strategic Approaches. Here brief comments on potentially questionable parts of the Strategic Approaches are presented, in case useful for further review processes.

**Strategic Approach 1:** Awareness and Advocacy. Need to mainstream awareness raising, citizen engagement, and advocacy efforts across all approaches (see discussion above).

**Strategic Approach 2:** Operationalize Strategic Environmental Assessments (SEAs) and Landscape Conservation Plans (LCPs). More effort is needed to support implementation of SEAs and LCPs to achieve impact; aside from integrating results into other planning documents, attention is needed on land use monitoring, public pressure and law enforcement.

**Strategic Approach 3:** Environmental Governance. Licensing/permitting is a key issue but much greater effort is needed to combat vested interests. Project could support availability of permit data and monitoring of land use by multiple stakeholders including affected communities, alongside capacity building and empowerment for those communities.

**Strategic Approach 4:** Co-Management. Incentives are lacking for communities because of tenure issues, absence of financing, ineffective monitoring/enforcement and lack of incentives from green livelihood support; intensify efforts on these issues for priority villages.

**Strategic Approach 5:** Protected Area Management. An important gap is in weak implementation of plans and weak law enforcement.

**Strategic Approach 6:** Green Enterprises. A key gap is how green livelihood assistance incentivizes forest protection locally; could target priority buffer / high-risk villages, sustainable forest products (NTFP/timber), develop local deforestation monitoring and mobilize social sanctions for deforestation.

**Strategic Approach 7:** Private Sector Best Management Practices (BMPs). BMP is insufficiently incentivized, need increased monitoring of private sector practices, more stakeholder involvement and pressure on both companies (e.g. the campaign which affected Korindo) and on government to make their monitoring role effective.

**Strategic Approach 8:** PES and REDD+ Innovative Finance. PES/ecotourism are still in early stages of development in project landscape areas, so are not yet able to provide enough concrete benefits to disincentivize deforestation. Useful to continue efforts to pilot though.

# 5. KATINGAN-KAYAHAN LANDSCAPE: RESULTS AND RECOMMENDATIONS

Interviews during field visits produced much interesting information on threats, governance dynamics, and political economy realities which may be preventing progress on addressing the threats. This section attempts to draw out a summary of the main points which are connected to recommendations for the project. To view the larger set of information collected during interviews, see the Central Kalimantan Field Report (Annex 3).

Key emissions threats in this landscape are fires and forest/peat conversion for oil palm. Conversion for oil palm is carried out by companies possessing permits, although permits may be illegal according to the spatial plan. Smallholder oil palm is increasing now, including encroachment into protected areas such as Sebangau National Park, sometimes sponsored by companies seeking to augment supply. The political economy of fire is complex, but it can be expected to continue in spite of recent prevention efforts. The Governor is also pressuring companies to provide *plasma* plantations for communities, which may also lead to deforestation if not properly managed. Companies generally seek to acquire land from villagers rather than working via collaborations; insecure land tenure and risks of fire sometimes induce villagers to sell their land to companies.

Central Kalimantan's struggle with the national government over their spatial plan is well known. Central Kalimantan's spatial plan was passed in 2015, but the Ministry of Forestry and Environment has ensured that only 18% of the province is designated as non-forest areas under the control of regional governments (whereas the previous provincial spatial plan, Perda 8/2003, designated 33% as non-forest areas, and the SEA for the recent spatial plan suggested 30%). The spatial plan designates 'outline' areas which are targeted for re-designation as non-Forest Zone, and which currently contain over 500 villages, over 2m ha of oil palm, and also forest and peat areas which should be protected – although comprehensive analysis of outline areas has not been conducted. Forested and peat areas within existing oil palm permit areas are also highly threatened.

Many District Heads face election in 2018, include all of those in the landscape covered by LESTARI: Gunung Mas, Katingan, Pulang Pisau, and Palangkaraya City. This means that it is difficult to strategize government engagement in these locations.

Only Gunung Mas district has a spatial plan (of LESTARI districts). Although there are local regulations on indigenous land rights, these have not been well implemented in practice. Indigenous land rights recognition has potential given the national momentum for it, but it would require a well-designed process at provincial and district level to mitigate conflicts and land alienation, and this does not seem to be likely in the near future. Social forestry is also a possibility, especially in Gunung Mas district. A proposed Governor's Regulation on Social

Forestry may raise the potential for supporting social forestry permits as a way to improve forest-based livelihoods and incentivize forest protection.

There is currently no political constituency for Green Growth. Many government officials lack knowledge of and commitment to emissions reduction, peat protection, and balancing environmental concerns versus economic development. Green Growth is not yet a priority within the regional parliaments, villages, or civil society organizations in general, with the exception of a few NGOs. Few companies are committed to protecting HCV/HCS areas within their concessions, and law enforcement efforts are weak.

Given the above description, the following recommendations are offered for discussion:

- The key Strategic Approaches for this landscape appear to be: 1, 3, 4, 5, 6.
- Attempting to integrate SEA results into provincial agency work plans is possible, but fraught with difficulties. It may also be useful to focus on the spatial plan ‘outline areas’. LESTARI could offer GIS expertise for land use mapping and planning for these areas, in order to facilitate a multi-stakeholder discussion on how these areas should be handled. This might enable application of SEA materials within this broader discussion, especially regarding peatland and forests within the outline areas. It is also possible that this discussion could enable more public monitoring of permits issued and private sector activities.
- For villages in buffer areas, for example near Sebangau National Park, the village approach could be intensified, involving strengthened green livelihood support, some attention to tenure security, perhaps raising the issue of land conflicts, capacity building for villages on interacting with companies/FPIC, and constituency building which links to advocacy efforts oriented at obtaining action from government agencies.
- Strengthen the focus on fire within project strategies (including landscape level theory of change), including as a key theme for MSF/MSPs, and a key issue in support for priority villages (which will mean emphasis on water management and potentially paludiculture for green livelihood support), and for district and provincial level work with governments (on policies, but also on monitoring and response where possible).
- Attempt to support provincial and/or district governments on land use monitoring, involving a multi-stakeholder ‘situation room’ (see section above). In general the project could support reviews of the current condition of key landscape areas (i.e. forest/peat condition, governance/tenure/permits, and sustainable economy possibilities), but as much as possible the reviews should be driven by a stakeholder process, rather than a technical approach only.
- At district level, if possible support MSFs to prepare an environmental agenda for the upcoming 2018 district elections, which outlines key challenges and potential solutions. Support stakeholders to contribute to this vision where possible. In 2018 it will be possible to engage with the new Bupatis, perhaps preparing offers of support that relate to the vision developed with/by the MSF. Potentially working on SEA or RPJMD for the new district governments could offer opportunities to link to a multi-stakeholder discussion process broader than the MSF.

# 6. ACEH LEUSER LANDSCAPE: RESULTS AND RECOMMENDATIONS

Interviews during field visits produced much interesting information on threats, governance dynamics, and political economy realities which may be preventing progress on addressing the threats. This section attempts to draw out a summary of the main points which are connected to recommendations for the project. To view the larger set of information collected during interviews, see the Aceh Field Report (Annex 4).

The nature of the threats in the Aceh Leuser landscape are notably different from those in Central Kalimantan. Given that much of the landscape is composed of protected areas, fire and deforestation rates are much lower. Some of the main threats discussed were: oil palm encroachment into the Singkil Wildlife Reserve (SM-RS), illegal logging, the development of new roads through protected areas as per the provincial spatial plan, the Trumon corridor (including some non-forest areas crucial for wildlife corridors), conversion of forests for lemongrass (*sariwangi*) and corn, new geothermal developments being considered for inside the main zone of Gunung Leuser National Park, and the existence of 'outline areas' within provincial and district spatial plans.

The project can place emphasis on land use monitoring, increasing stakeholder involvement in land use governance, and public campaigns, to increase concern and scrutiny over what is happening. Some stakeholders consulted feel that only locally based Rangers can effectively monitor forests, and more attention to activities that could indirectly support law enforcement is needed. Community engagement for priority villages (buffer and high risk areas) and the improvement of forest-friendly livelihood opportunities are key parts of the approach also.

The election of former Governor Irwandi Yusuf (in power 2007-2012) as Governor for 2017-2022 is likely to bring substantial new opportunities for sustainable forest management in Aceh. During his earlier term, he developed a comprehensive vision (Aceh Green), worked intensively to combat illegal logging, developed a draft spatial plan which placed significantly more emphasis on forest protection than does the current spatial plan, and supported employment of ex-combatants as forest rangers. LESTARI is in a good position to reach out to the Governor for new collaboration.

The recommendations below are in addition to the general recommendations already given in an earlier section, which are strongly relevant for the Aceh Leuser landscape also. These were about :

- Mainstreaming advocacy efforts across all project approaches
- Strengthening the village approach by prioritizing villages and using village work as a basis for green livelihood work and constituency building

- Revitalizing MSFs (or MSPs), and supporting multi-stakeholder land use monitoring
- Contributing to more general public awareness campaign and discussion of the importance of forests, perhaps through their function in protecting Aceh's water supply.

Echoing and adding to these recommendations, the following recommendations are offered.

- The key Strategic Approaches for this landscape appear to be: 1, 3, 4, 5, 6, and possibly 8.
- Meet with the new Governor and/or his team, to hear his priorities and develop ideas for LESTARI support in Year 3, especially if relevant to improved monitoring and law enforcement for logging and forest encroachment, or the implementation of Qanun 7 on 'kerjasama' between KPH and communities..
- A key opportunity if supported by Bappeda and the Governor may be to contribute to a 'situation room' to monitor land use dynamics using Global Forest Watch, drones, etc. The initiative should be multi-stakeholder, and can be used to help develop a 'problem solving' or 'responsive' approach within Bappeda. The initiative could be connected with opening up Aceh to more donor programs, and connecting livelihood needs with forest protection. Private sector involvement could be sought, especially from oil palm companies committed to ensuring their supply chains are deforestation-free and peat-free.
- The focus at provincial level could increasingly be on improving accountability and multi-stakeholder involvement in land use decisions and practices. There is a plan to support a new MSF at provincial level. More broadly, a public campaign would raise awareness of the importance of Aceh's forests (for water supply, energy, future livelihoods, etc.), building on the media work to be done by INFIS/Mongabay. The MSF should be linked to the monitoring initiative suggested above (and could also discuss emerging threats like the proposed geothermal project in Leuser National Park), and to community support (see below).
- Engaging with communities and supporting sustainable livelihoods remains vital, in order to ensure that communities in buffer areas receive benefits from forests. The number of priority villages could be increased (adding those in the Trumon corridor for example), and the village facilitation process can be linked to livelihoods, citizen advocacy and the MSF, and district level governance (including getting more attention from district agencies), as suggested in the earlier section. Tenure should be addressed when needed, for instance through social forestry schemes and/or kerjasama schemes with KPH under Qanun 7, focused on NTFP. Communities can be empowered to understand the risks of clearing forest for oil palm, and to participate in local monitoring schemes.
- KPHs are relatively advanced in Aceh compared to other places, but remain a somewhat risk investment if only contributing to management plans (RPHJP) or training of staff. Support for KPH could be oriented towards building multi-stakeholder monitoring and response mechanisms (e.g. SMART patrols with locals), and developing livelihood partnerships (e.g. kerjasama under Qanun 7, can collaborate with FFI, GIZ).

- Aceh Selatan: There are already plans to support the Trumon corridor, and potentially to review the district spatial plan to understand the implications for the Singkil Wildlife Reserve. Community engagement and land use monitoring work can also attempt to address encroachment into the Sanctuary. The livelihood work (currently cacao) should as much as possible be oriented towards livelihood support in priority villages which incentivizes forest protection (e.g. NTFP). More broadly, grantee should be included in work plan development to ensure that their activities fit within the landscape theory of change and are synergized with other approaches.
- Meet the new Bupatis of Aceh Barat Daya, Aceh Tenggara, and Gayo Lues, to discuss collaboration opportunities. MSFs (or MSPs) can be revitalized or re-started, to strengthen the interaction between communities and local government. Engagement on issues of RPJMD and/or KLHS can potentially be useful as ways to support a broader stakeholder dialogue on the development direction for the district.

# 7. PAPUA LANDSCAPES: RESULTS AND RECOMMENDATIONS

Interviews during field visits produced much interesting information on threats, governance dynamics, and political economy realities that may be preventing progress on addressing the threats. This section attempts to draw out a summary of the main points which are connected to recommendations for the project. To view the larger set of information collected during interviews, see the Papua Field Report (Annex 5).

LESTARI works in four different landscapes covering 7 districts in Papua. Each landscape has different challenges, and each district has different political dynamics. Some of the main dynamics overall for the province include:

- A lower level of district government capacity than in other provinces, and a large number of relatively new districts which have even less capacity.
- Systematic lack of accountability in governance, perhaps worsened by the fact that most communities are remote and lack knowledge of government procedures and decisions, even more than in other provinces.
- One of the main challenges in protecting Papua's forests comes from large-scale land-based investment, notably oil palm, where vast concession permits have been issued. Many companies have not yet begun clearing or community consultations, and are attempting to obtain investors. Interest in Papua's land for agriculture (and mining) development will not fade, and economic development is desired and needed in Papua; but governments systems are often not robust enough to protect communities and forests, and communities lack the capacity to deal effectively with investors/developers.
- Many communities are very remote, and local government has limited impact and influence. Communities vary widely in characteristics, which presents additional challenges for projects working with them. It can be difficult to support alternative livelihoods due to the remoteness as well as the community characteristics.

Some of the more specific challenges include:

- Encroachment in the Cyclops Nature Reserve, driven by in-migration and population pressures, exacerbated by the lack of an integrated government approach to the issue.
- Vast concessions have been issued, including those covering most of Boven Digul district, but many of the companies are not yet committed to HCV protection, there is little monitoring or enforcement, data is not made public, and communities do not yet form an informed constituency on this issue.

Given this background, the following recommendations are offered.

- The key Strategic Approaches for Cyclops appear to be: 1, 2, 3, 4, 5, 6; for LLL all Strategic Approaches; for Mappi-Boven Digul 1, 2, 3, 6, 7.
- Build on the PEA workshop process during the year 3 Work Plan process, as an opportunity to strengthen project synergies (between coalition partners as well as project approaches and landscapes). This can involve the LSM-PEA-ToC-risk versus impact framework as recommended above. There is also need to deepen understanding of the AMEP for project staff, build advocacy strategies in general and MSF/MSP strategies in particular.
- There has already been discussion about supporting an MSF/MSP at provincial level, potentially using existing multi-stakeholder groups, and facilitating a broad stakeholder discussion on the role of forests in future Papua development. This provincial level discussion should seek to link together the various issues encountered in LESTARI's Papua landscapes, most importantly sustainable management of protected areas, and large scale land-based investments. If a broader discussion can be built in 2017, it can play a role in discussions about the spatial plan revision and RPJMD for 2018, and in utilizing SIMTARU in order to allow civil society (non-government stakeholders – should involve the university also) to monitor land use decisions and land use change in Papua. As per the general recommendations above, advocacy campaigns and awareness raising activities could feed into this discussion, as could alliances with other organizations. The MSF would form a constituency to drive reform, including establishment and operation of the SIMTARU system (and generally, accountability for land use by government and companies).
- There is a need for a 'capacity-first' approach for activities in Papua, due to the lack of capacity in communities and district level governments. This means more engagement with district agencies to build understanding of HCV and sustainable forest management as well as transparency and good governance; and more engagement with communities near protected areas or near large undeveloped concessions so that communities can understand more about FPIC, how to engage with companies, forest governance, oil palm (as it will be increasingly developing) and tenure recognition. Engagement with adat leaders could build awareness of these issues and commitments to sustainable management, and assist them to bring their interests and priorities to the district government and parliament. Capacity investments could include things like training of youth forestry champions (future leaders).
- A key emphasis should be on helping stakeholders to understand what is happening in terms of forest management and land use, in the spirit of a multi-stakeholder 'spatial plan watch' initiative. This would involve working with local government to make certain data public, supporting civil society groups to request access to information, supporting a multi-stakeholder land use monitoring mechanism (as recommended above), assisting stakeholders in understanding and acting on the data.
- Where adat communities already have de facto control over forests, struggling for legal recognition of their rights is perhaps not as high a priority. Rather, the emphasis could be on engaging with stakeholders to build commitment to

sustainable forest management, supporting land use monitoring, and facilitating access to green livelihood support. Recognition of adat land is important in protected areas (zoning for recognition of adat rights), and social forestry (including ‘kerjasama’ schemes with KPH) could well support those goals. Aside from facilitating public private partnerships for green livelihoods, communities could be facilitated to allocate village funds (and PROSPEK funds) to sustainable livelihoods, and empowered to demand (via MSF) more support from district government for sustainable livelihoods.

- For the Cyclops landscape, the team explored and explained the elements of a good approach during the PEA workshop. Adat villages should be empowered through supporting them in making village planning/regulations/sanctions, and to have a voice in the MSF (to be established), working with BBKSDA on zoning (to respect adat rights) and engagement with local communities for monitoring/patrols, a more public campaign to raise the importance of Cyclops for Jayapura’s future (youth leaders, media campaign, perhaps school competitions, water supply as a theme), empower stakeholders to be able to monitor land use in Cyclops (Global Forest Watch, drones, GIS, regular MSF discussions on updates), economic programs for buffer areas (but the challenge here is to build conditionality, i.e. how to ensure that these programs incentivize forest protection).
- For the Mappi-Boven Digul landscape, the new districts may be open to the ‘capacity’ approach. Approach the Mappi Bupati early in his tenure, to potentially collaborate on the key issue of HCV in land-based investments (via working with district government as well as communities, as above), or a multi-stakeholder process centered on KLHS or RPJMD. Approach the Bourven Digul Bupati to collaborate on a permit review, land use monitoring mechanisms, and community empowerment approach for priority communities near the concession areas. Consider increasing support to reach more communities; work not just through kampung but also through *distrik* (kecamatan); and build alliances with civil society organizations working on FPIC with communities. Revitalize an MSP centered on the concessions and community livelihoods, engaging priority communities, adat leaders and the church (the KLHS is one possible option for this collaboration).
- For the Lorentz Lowlands landscape. Support for KPH-L Unit 6 and conversion of the PT PAL concession area are wisely chosen issues for the short term, as is Rawa Baki Frenskap. The MSF could be further developed through more engagement in priority communities (including Kampung Nayaru), broader awareness campaigns, and engagement with the company as possible (they are seeking to join the MSF). The MSF could be empowered to conduct land use monitoring.

# 8. OTHER NOTES AND IMPLICATIONS

- **The absence of strong incentives from the national government for reform by regional leaders.** Many reforms which could help to improve sustainable forest management stall at the provincial and district level due to the importance of local leadership, and the current lack of strong incentives from the national government which would entice local leaders to devote energy and budget to accelerating reform processes, and ensuring strong implementation and enforcement. Such incentives could include a ‘fiscal incentive mechanism’ that would reward progress on deforestation reduction (or other environmental objectives) by allocating additional government funds to the achieving province or district. Other incentives are also possible in order to make reform more attractive (or urgent) to regional leaders. However, at present, it must be acknowledged that such incentives remain non-existent or very weak. Currently, environmental protection is also a very low priority for the electorate. This means that regional leaders with a high level of commitment to environmental reform are very rare, and even those that indicate some level of commitment may have difficulty implementing reform due to the prevalence of political economy interests among local political, bureaucratic and economic elites who will seek to prevent or stall reform. LESTARI should seek opportunities to synergize approaches with BIJAK or other USAID projects which might be able to contribute to strengthening incentives from the national government and make reform more attractive for regional leaders.
- **Suitability of AMEP for advocacy approaches.** A number of points about the AMEP framework have been raised in the context of the Mid Term Assessment. One key point raised was on the very high target for the improved management indicator (8.4m ha). Achieving real change in stakeholder behavior and governance, in a way which may lead to reduced deforestation, takes intensive investment, whereas the high target may disincentivize support which is intense but local, in favor of inputs to KPH planning documents (or other things) which can help LESTARI to be able to claim achievement on the indicator. The PEA is recommending more intensive community facilitation, advocacy approaches, citizen engagement and so on, in order to attempt to overcome some of the political economy dynamics which may be holding back progress in reducing deforestation. If these approaches are to be strengthened, it is worth reviewing the AMEP to ensure that these approaches are properly integrated into it; that is, that there are indicators which measure intermediate outcomes of these processes (advocacy efforts, organizing stakeholders, capacity increases, government transparency, community facilitation and awareness, etc.).

# 9. RECOMMENDATIONS ON EMBEDDING THE PEA APPROACH

The PEA produced for this report is necessarily tentative and incomplete, given the complexity and variety of project approaches, landscapes, issues, and political economy dynamics. The aim of this consultancy was to conduct initial PEA but also to build capacity and interest among field staff, so that PEA can be used in an ongoing fashion in ways that are useful to the project. This section offers recommendations on how to do that.

It should be noted that, as described in field reports, in general field staff expressed a high level of interest in PEA approaches, and in continuing to use them within LESTARI moving forward. There was interest in getting more training, and in applying the PEA lens within project procedures such as during formulation of the Year 3 work plan. There were a variety of levels of experience with the concepts of PEA; some staff had significant experience thinking with a PEA lens, but less experience formalizing this information using various tools. One of the benefits of formalizing PEA (i.e. rather than it just existing in the minds of staff as they design their approaches) is to enable the varied experiences and expertise of staff to be applied to refine the analysis; a second is to record the analysis so that it can be improved later on, and used as a tool for reflection on the project's approach and impact.

PEA is most effective when done by project staff rather than external consultants, when tightly tied to the design (or tweaking) of project approaches, and when regularly revisited in order to update and revise, given progress to date and obstacles experienced during implementation. With those points in mind, the following recommendations are offered.

**Recommendation.** Apply PEA during the upcoming process for developing Year 3 Work Plan, using LSM, PEA, ToC and risk versus impact analysis. Further explanation of the suggested components of this is as follows:

- The Landscape Situation Models (LSM) developed over the past two months
- The initial results of the PEA, combined with however the field teams further develop that analysis
- A more detailed Theory of Change developed for the landscape, linking proposed activities to project outcomes, ensuring that each link in the Theory of Change is realistic given the PEA and LSM analyses, and ensuring synergy between the various Strategic Approaches in achieving the desired outcome (such synergies should become more apparent if the ToC is at a more detailed level).
- A weighing of risk versus impact, given the above analyses. That is, activities or approaches where the risk of failure is high (given the PEA, LSM and Theory of Change analysis) and the potential impact is medium or low may be unwise to support. Activities or approaches with low or medium risk and medium or high

potential impact could be undertaken, with low risk – high impact obviously being the best choice.

Expertise in Theories of Change and advocacy may be needed in order to facilitate this process.

**Recommendation:** Consider offering advocacy training for key field staff, and source additional advocacy expertise (consultant/advisor) as needed to support the development of advocacy strategies for any project activity where political economy dynamics are likely to underpin a ‘lack of political will’ for reform.

**Recommendation:** Nominate a staff member in each landscape to act as a PEA coordinator/motivator. The PEA coordinators could receive additional PEA training, be responsible for having regular discussions on PEA issues in their landscapes, facilitating internal learning on PEA, and perhaps writing up one-pagers on ‘latest PEA developments’ or ‘PEA for particular issues’ for sharing/discussion within LESTARI.

**Recommendation:** Embed PEA thinking into LESTARI administrative procedures, such as SoW requests and quarterly/annual reports. This could be done by, for example, adapting Scope of Work request templates to include a short section on PEA for the issue at hand, to demonstrate that the proposed approach has considered political economy dynamics. Guiding questions could be used to elicit responses. Guiding questions would have to be adapted to the form of the SoW and perhaps to the type of activities proposed, but here are a few examples:

- Briefly describe the connection between the proposed activities, and the desired impact on deforestation and/or biodiversity protection (etc.). Are there political economy dynamics which might be lying behind a lack of political will to implement this reform, or is it more a capacity issue?
- Who are the other stakeholders interested in this reform? Are there any other individuals or groups who could potentially be engaged to support it? Who might be opposed to it, and why?
- Describe the advocacy strategy and role of MSF, if any, in supporting this reform.

# 10. ANNEXES

## Annex 1: SoW

See attached.

## Annex 2: Record of activities/interviews and Work Plan

See attached.

## Annex 3: Central Kalimantan field report

See attached.

## Annex 4: Aceh field report

See attached.

## Annex 5: Papua field report

See attached.

## Annex 6: PEA Workshop slides for Central Kalimantan, Aceh, Papua

See attached.

## Annex 7: PEA brief on Central Kalimantan

See attached. This brief was prepared upon request, and fed into the report writing process.

## Annex 8: Presentation on initial PEA findings and recommendations

See attached.

## Annex 9: Reading List on PEA

The following 15 key sources are recommended as further reading relevant to PEA within the LESTARI program. Softcopies of all 15 sources have been sent to LESTARI DCOPs for distribution to field teams and any others interested.

A number of other sources are also available upon request.

### **On the USAID approach to PEA:**

- USAID 2016. *USAID Applied Political Economy Analysis (PEA) Field Guide*, available at:  
[https://usaidlearninglab.org/sites/default/files/resource/files/applied\\_pea\\_field\\_guide\\_and\\_framework\\_working\\_document\\_041516.pdf](https://usaidlearninglab.org/sites/default/files/resource/files/applied_pea_field_guide_and_framework_working_document_041516.pdf)
- USAID 2016, *Lessons Learned Using USAID's Applied Political Economy Analysis Framework*. Available at: [http://pdf.usaid.gov/pdf\\_docs/PA00MBFT.pdf](http://pdf.usaid.gov/pdf_docs/PA00MBFT.pdf)
- USAID 2016. *A Summary of Lessons Learned Using USAID's Applied Political Economy Analysis Framework*. Available at:  
[http://pdf.usaid.gov/pdf\\_docs/PA00MBFV.pdf](http://pdf.usaid.gov/pdf_docs/PA00MBFV.pdf)

### **Example of PEA done by/for USAID:**

- USAID 2016. *Artisanal Gold Mining In The Democratic Republic Of The Congo: A Biodiversity And Extractives Political Economy Assessment Summary*. Available at: [http://pdf.usaid.gov/pdf\\_docs/PA00MBRJ.pdf](http://pdf.usaid.gov/pdf_docs/PA00MBRJ.pdf)
- USAID 2016. *Mali Sub-National Governance Project Political Economy Analysis (PEA) Draft Report*.

### **On the DFID approach to PEA:**

- DFID, 2009, *Political Economy Analysis How to Note: A Practice Paper*, Department for International Development, London  
<http://www.gsdrc.org/docs/open/PO58.pdf>
- The Policy Practice Ltd. 2012. *Political Economy Analysis: Selected Readings*. Available at:  
<https://www.shareweb.ch/site/DDLGN/Documents/The%20Policy%20Practice%202012%20PE%20Analysis%20Selected%20readings.pdf>
- Fritz, V., Kaiser, K. and Levy, B. (2009) *Problem-driven governance and political economy analysis: Good practice framework*, World Bank. Available at:  
<http://siteresources.worldbank.org/EXTPUBLICSECTORANDGOVERNANCE/Resources/PGPEbook121509.pdf?resourceurlname=PGPEbook121509.pdf>
- Poole A., (2011) *Political Economy Assessments at Sector and Project Levels', How-To Note*, Washington DC: World Bank. Available at:  
<http://www.gsdrc.org/docs/open/PE1.pdf>

### **From the Development Leadership Program (DLP):**

- Niheer Dasandi, Heather Marquette and Mark Robinson 2016. *Thinking and Working Politically: From Theory Building to Building an Evidence Base*. The Development Leadership Program. Available at:  
<http://publications.dlprog.org/TWPev.pdf>
- DLP 2011. *Politics, Leadership And Coalitions In Development: Policy Implications Of The DLP Research Evidence*. The Development Leadership Program. Available at:  
<http://publications.dlprog.org/Politics.%20Leadership%20and%20Coalitions%20in%20Development%20-%20Policy%20Implications%20of%20the%20DLP%20Research%20Evidence.pdf>

[20Development%20-  
%20Policy%20Implications%20of%20the%20DLP%20Research%20Evidence.pdf](#)

**Other sources:**

- Taylor Brown 2009. *Politics matters: Political economy and aid effectiveness*. The IDL Group. Available at:  
<https://europa.eu/capacity4dev/file/7606/download?token=qdu8iZGy>
- The Asia Foundation 2012. *Political Economy Analysis of Local Governance in Nepal*. Available at:  
<http://asiafoundation.org/resources/pdfs/analysislocalgovernancenepal.pdf>
- Ajoy Datta, Harry Jones, Vita Febriany, Dan Harris, Rika Kumala Dewi, Leni Wild and John Young 2011. *The political economy of policy-making in Indonesia: Opportunities for improving the demand for and use of knowledge*. Overseas Development Institute. Available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7531.pdf>
- Jaime Faustino 2012. *Development Entrepreneurship: A Model for Transformative Institutional Change*. The Asia Foundation. Available at:  
<https://asiafoundation.org/resources/pdfs/OccasionalPaperNo12.pdf>

**LESTARI**

Wisma GKBI, 12th Floor, #1210  
Jl. Jend. Sudirman No. 28, Jakarta 10210, Indonesia  
Phone:+62-21 574 0565 Fax: +62-21 574 0566  
Email: [info@lestari-indonesia.org](mailto:info@lestari-indonesia.org)