Term of Reference

STUDY OF ADDITIONALITY OF THE CONSERVATION-FIRST MODEL

Background

We seek a new approach to managing distressed or inactive timber concessions in the Wehea-Kelay Forest in Berau, East Kalimantan in an inclusive way. We aim to protect the rich biodiversity of Borneo's tropical forests and bring to life a **'conservation-first'** forest management model that will redefine sustainable forestry. We will leverage carbon markets to create new revenue streams to incentivize concessions and involve Indigenous People and Local Communities (IPLCs) by providing them with forest-friendly livelihood options (e.g. non-timber commodities, eco-tourism), as well as policy advocacy

In general overview, in Kalimantan, 60 percent of the remaining high-integrity forest is allocated by the government for timber concessions—large tracts of land that have been granted long-term 30+ year licenses for timber company operations. With timber operators suffering recent market declines due to constant timber price volatility and increased operating costs, many of these concessions have been left inactive and are at risk of illegal logging and encroachment. This leaves huge expanses of rainforest habitat for charismatic species at risk of degradation. Former research has shown that many high-risk deforestation concessions have high population densities of orangutans and clouded leopards. On the other hand, the role of the IPLCs in realizing the conservation of forest resources cannot be negated because they interact intensively with natural resources in the daily life cycle. This makes forests the source of livelihood and is part of the social and cultural life of the community. Sustainable management and utilization of forest resources is the key to their sustainability for the next generation. The relationship between communities and forests is a symbiotic relationship that cannot be broken, and therefore communities play a central role in safeguarding and preserving forests.

The initiative aims to establish a strong conservation-oriented framework for the future of sustainable tropical forestry. This model is designed to empower the IPLCs, safeguard wildlife, and supply certified sustainable building materials with a low carbon footprint. It aims to demonstrate the effective, profitable, and equitable management of forest concessions while achieving conservation goals. However, we must formulate initial hypotheses regarding the additional benefits of this program within the 'Conservation-first' model, including its potential role in helping Indonesia meet its Nationally Determined Contributions (NDC) targets. Additionally, it is essential to outline the measurement components necessary for evaluation in the Monitoring, Reporting, and Verification (MRV) process throughout the project's implementation. This study was initiated to address these requirements.

Objective of the Study

The primary aim of this study is to assess the additional advantages of the program, which encompass economics, biodiversity, social quality, forest health, and other pertinent elements.

More specifically, it seeks to provide solid justifications for the strategies of the program, including the selection of Wehea Kelay as the key landscape for implementation. It also seeks to incorporate forest concession holders as target groups who could benefit from enhancements in their production processes. By gaining a comprehensive understanding of the various aspects and benefits of this program, we hope to establish a strong foundation for fully integrating the 'conservation-first' model into the program's operational framework.

Scope and Focus of the Study

The scope area of the study will be the extended Wehea Kelay Landscape, East Kalimantan with approximately 1.1 Million hectares area.

The scope of this study is to forecast the state of the landscape by analysing the sensitivity of various forest management practices. Key elements considered will be forest cover, government income, concession earnings,

habitat quality, and community well-being. The study will cover about 750,000 hectares across 13 concessions and an additional 380,000 hectares of protected forest.

The projections will be exercised and generated under three different scenarios, as follows:

a. First scenario: This outlines the expected situation over the next decade if the **current Business as Usual** (BAU) approach continues without any interventions.
b. Second scenario: This considers the anticipated conditions in the next 10 years if multi-purpose forestry business (**MUK)** scheme is implemented.
c. Third scenario: This envisions the future over the next decade with the implementation of **MUK** alongside a **conservation-first** model.

The subsequent elements should serve as the essential components to consider when analyzing the aforementioned scenarios:

1. The susceptibility of the forest conversion and/or degradation in the landscape, encompassing environmental, biodiversity, political, social, and local economic factors, must be evaluated. Key components to consider include:
    - a retrospective analysis of the palm oil industry's growth over the past decade in East Kalimantan province, focusing on its aggressive expansion into the landscape, including impacts on smallholder land both in forest zones (kawasan hutan) and non-forest zones (APL). Additionally, insights into the perspectives and acceptance of IPLCs regarding the palm oil industry should be included.
    - a comprehensive review of mining operations, both legal and illegal, in East Kalimantan province over the last ten years, emphasizing their possible growth within the region. This analysis will also incorporate the viewpoints and acceptance of IPLCs and timber concessions regarding these mining activities, whether legal or illegal.
    - a swift evaluation of the national strategic plan - such as the food estate initiative, development of dam, road construction, development of military base, and any apparent political interests, is essential as there are many experiences that these factors have impacted landscape in other locations. This evaluation will also consider the implications of the Nusantara Capital City initiative.
    - Given the recent downturn in the timber market, many forest concessionaires have halted their operations. Additionally, this review will highlight the Ministry of Forestry's Priority Program regarding the regulation and revocation of forest utilization permits (‘*Penertiban/ Pencabutan Izin Pemanfaatan Kawasan Hutan*’). This program may lead to an increase in the area designated as non-forest zone (APL) following the cancellation of forestry licenses, potentially paving the way for land conversion to palm oil cultivation.
    - a quick review of the RSPO remediation and compensation mechanism is necessary, as it may pose risks to the landscape designated for the oil palm industry's compensation initiatives. This evaluation should take into account the community safeguard policy and its execution, using lessons learned from other areas to inform land designation for the compensation program.

2. Government revenue, affected by:
    - Illegal logging;
    - reduction of timber production (upon the MUK and conservation-first model implementation);
    - carbon generated revenue – potentially starting in 2027 under optimistic assumption.

Methodology

This study will be conducted as a qualitative descriptive, geospatial and quantitative researches, to explore and articulate the various conditions, situations, or phenomena that characterize the society and biophysics of the area. The aim is to highlight their characteristics, traits, models, signs, or descriptions pertaining to specific conditions, situations, or phenomena.

Data acquisition process for this study will be conducted by the combinations of:

1. Desktop study;
2. In-depth discussion with relevant experts;
3. Field observations, accompanied by interviews with IPLCs representatives and relevant government officials at the district and provincial levels, adhering to a specified interview guideline.

Complement to the above, another relevant data sets for conducting geospatial, quantitative and quantitative analysis will be acquired.

The use of proven and scientifically-sound methodology, credible soft wares and mapping tools in the sensitivity study is essential. These will ensure the integration of both static and real-time data and display the results in a digestible and meaningful way to support an effective and logical strategic and operational decision-making processes.

Expected output

This study expected to formulate the three distinct scenarios for landscape projection, which will be compared to the existing conditions based on the sensitivity of various factors related to forest management regimes, government policies, and community behaviours.

The output will outline a ten and thirty years of future prediction of forest cover, government revenue, concession revenue, habitat quality, and community well-being under the three scenarios These will mainly be in the forms of matrix, maps, and description and supported by relevant graphs, diagrams and images.

Duration

The study is set to run for about three months, commencing in the first week of February 2025. A first draft is expected to be delivered by the end of April 2025, and the final report is due no later than the end of May 2025.

Budget

A preliminary budget estimate of approximately between $4,000 and $5,000 to carry out the study, covering the entire scope of work, including subcontractor expenses and field activities.