

Rimbak Pakai Pengidup – Forest for Life

Sustainable Forest and Biodiversity Management in Nanga Lauk Village,
Kapuas Hulu West Kalimantan, Indonesia

ANNUAL REPORT 2018

Submitted by: Yayasan PRCF Indonesia
On behalf of: Nanga Lauk Community
Date of submission: 20 April 2019
Reporting period: from 1 Jan to 1 Dec 2018



Contents

Summary	1
Project updates.....	2
A1 Key events.....	2
A2 Successes and challenges	4
A3 Project developments.....	6
A4 Future Developments	9
Part A: Project activities.....	11
B1 Project activities generating Plan Vivo Certificates	11
Part B: Plan Vivo Certificate issuance submission	12
C1 Contractual statement.....	12
C2 Issuance request	12
C3 Allocation of issuance request.....	12
C4 Data to support issuance request.....	12
Part C: Sales of Plan Vivo Certificates.....	14
D1 Sales of Plan Vivo Certificates.....	14
Part D: Monitoring results	15
E1 Ecosystem services monitoring	15
E2 Maintaining commitments	17
E3 Socio-economic monitoring.....	17
E4 Environmental and biodiversity monitoring.....	17
Part E: Impacts.....	18
F1 Evidence of outcomes.....	18
Part F: Performance-based support.....	19
G1 Summary of support by year	19
Part G: Ongoing participation	20
H1 Recruitment	20
H2 Project Potential	20
H3 Community participation.....	20
Part H: Project operating costs.....	25
I1 Allocation of costs.....	25
Annexes.....	29

Summary

Reporting period	1 Jan 2018 to 31 Dec 2018
Geographical area	Nanga Lauk Village Forest, Nanga Lauk, Kapuas Hulu District, West Kalimantan, Indonesia
Technical specification(s)	Prevention of deforestation and forest degradation

Project indicators	Since start of project	Added/Issued this period	Total
Number of Plan Vivo Agreements	NA	1	1
Number of households covered by Plan Vivo Agreement	NA	195	195
Area under management (ha)	NA	1,430	1,430
Payments from certificate sales made to participants (USD)	NA	0	0
Amount held in trust for future payments to participants	NA	0	0
Plan Vivo Certificates issued (PVC)	NA	0	0
Unsold stock (PVC)	NA	0	0
Certificates for Saleable emissions reductions requested (tCO ₂)	NA	1,308	1,308
Buffer certificates requested (tCO ₂)	NA	204	204

Project updates

A1 Key events

Securing long-term finance

The project experienced a funding gap during the reporting period with the end of support from the Asian Development Bank (ADB) Technical Assistance programme that supported its development in February 2018.

The project has now secured a long-term source of finance however, as summarised below.

The project signed a Letter of Intent to sell all certificates produced over a 25-year period to the Sustainable Commodities Conservation Mechanism (SCCM)- A mechanism managed by Lestari Capital for linking conservation projects to sources of finance from Oil Palm companies with conservation liabilities under the Roundtable on Sustainable Palm Oil (RSPO) Remediation and Compensation Procedures.

- Cargill - an RSPO company visited the project from 13-15 March 2019 and agreed to support the project¹
- Lestari Capital's team visited the project to conduct a Due Diligence assessment from 9-13 July 2018
- The project secured further funding from ADB to support the consultations necessary to finalise Plan Vivo agreements
- The project secured funding from the UK's Department for International Development (DFID) through the Partnership for Forests (P4F) programme to fund project activities, while the agreements with SCCM are finalized

Project activities

Despite a funding gap for most of the reporting period, project activities were able to commence, as summarized below.

Securing rights and strengthening forest management institutions of Nanga Lauk Village Forest

- **A workshop on management plans and business management plan:** Nanga Lauk community obtained management rights for managing Nanga Lauk Protection Forest (MoEF) on 28 February 2017 through the issuance of Minister of Environment and Forestry decree on Nanga Lauk Village Forest (NLVF) Management Rights (No. SK 685/MNLHK-PSKL/PKPS/PSL.0/2/2017). A 35-year management plan was submitted to MoEF to obtain this. The operational plan comprises of a 10-year and annual plan. The Village Forest Management Institution (LPHD) committee

¹ <https://www.cargill.com/2018/lestari-capital-launches-innovative-finance-mechanism>

participated a workshop held in Pontianak, West Kalimantan on 8-10 August 2018 by Social Forestry and Environmental Partnership Office (BPSKL), a technical implementation unit of the MoEF dealing with social forestry programs including village forest. The workshop aimed at supporting LPHD committees from the West Kalimantan Province to develop their management plans (10-year and annual plans) and business management plan.

- **Launching of LPHD learning center:** Nanga Lauk LPHD has an office which is equipped with furniture and equipment to support the LPHD activities and the management. This office also has a reading room, containing books and reading materials related with forest, biodiversity, agriculture, nature conservation, culture, special skills, and children books, as well as regulations from national to village level, it also functions as learning center for Nanga Lauk communities. To launch the learning center, a focus group discussion (FGD) on the importance of learning center for communities, training on the management of learning center, and events for children familiarizing themselves to forest, such as story-telling, writing, and drawing competitions were held on 3-9 January 2018.
- **Study visits to learn and exchange information on village forest management:** A study visit was conducted by LPHD committee and representatives of the Nanga Lauk village Government and facilitated by Kapuas Hulu Utara Forest Management Unit (FMU) staff and project coordinator staff. This study was held from 21-26 Jan 2018 to learn how LPHD committees in other villages implement their management plan and manage their forests. The visit was done to LPHD in Batu Ampar, Sungai Besar, and Tanjung Harapan Villages located in Batu Ampar Sub-district, Kubu Raya District, West Kalimantan Province.

Forest protection and monitoring

During reporting period, forest patrol and monitoring was done twice in NLVF which also covered certain parts of NLVF boundaries, and once in NLHPT (the adjacent production forest areas).

Developing income sources from sustainable forest management

- Meetings and discussions between project coordinator, LPHD and Nanga Lauk community were conducted in order to strengthen their capacity related with business management, focused on tree nursery, rattan and bamboo, and ecotourism.
- **Forest rehabilitation and restoration activities** were conducted through training on development of tree nursery facility, management of tree nursery, and planting. These activities were conducted from January 2018 to July 2018. The tree nursery and planting will be continued as regular activities of LPHD and Nanga Lauk community.
- **Development of rattan and bamboo business** in Nanga Lauk village had been very progressive. Almost every month LPHD and NL community, facilitated by the project coordinator held meetings, trainings, workshop, and marketing of rattan and bamboo products. Meetings were held to plan the activities and to monitor and evaluate the implementation and outcome of the activities. Training on how to design rattan and bamboo products and weaving techniques were held in April 2018 and participated not only by Nanga Lauk village community, but also by villagers from Batu Lintang and Sungai Uluk Palin villages. A workshop on developing a

sustainable harvesting standard for rattan and bamboo was held in May 2018. The first attempts to promote rattan and bamboo products from Nanga Lauk village were their participations in Indonesia Creative Product Festival event in Kuala Lumpur, Malaysia in 13-15 April 2018 and INACRAFT 2018 event in Jakarta, 25-29 April 2018.

- **Development of ecotourism program and business** in Nanga Lauk village had also been very progressive. A training on the introduction to ecotourism management was conducted during the project development in 2017. An advanced training as a follow-up training was held in 9 days in January 2018, focused on product marketing and management, services management including safety and visitor/ecotourist convenience. In February 2018, a follow-up training was conducted to promote and trial the Nanga Lauk ecotourism trip and evaluate the implementation. Stakeholders from Kapuas Hulu district, including the local government officials, FMU, bank representatives, Betung Kerihun Danau Sentarum National Park officials, PRCF volunteers from Belgium, project coordinator, and Nanga Lauk LHPD and community participated this event. The LPHD committee obtained invaluable experience, feedback and support from the stakeholders, and gained their confidence to continue the ecotourism business in Nanga Lauk as benefit from the forest and to support the forest conservation.

A2 Successes and challenges

Forest, Carbon, and Community Livelihood

- Nanga Lauk village community has a long history to protect the forests in their village boundary, which categorized into two: Protection Forest, now managed by the community as Nanga Lauk Village Forest (NLVF); and Production Forest (NLHPT), management rights for this area still need to be processed so that this area can be included and managed as village forest. The NLVF has also been the livelihood sources of Nanga Lauk community, where they harvest fish from the lake and honey. NLVF and NLHPT are both the sources of nectar trees for the bees to produce honey on the trees in NLVF. The sustainability of Nanga Lauk community livelihood depends on the sustainability of the forests, so they protect and conserve the forests culturally, and now legalized by the issuance of management rights from the Ministry of Environment and Forestry (MoEF) for the period of 35 years. By implementing the management plans, the community is confident that they can conserve the forest and obtain benefits for their livelihood. There are several challenges with respect to management of the forests, including the vast size of the forests, the peat swamp forest type, and limited human resources, capacity and funding. For example, for forest patrol and monitoring activity alone, they need considerable time, skilled-human resources, equipment, and funding to cover the whole area of NLVF and NLHPT. Even though NLHPT is currently outside their management rights, they thought of the need to do the patrol in this forest to protect the nectar trees, especially from illegal logging and forest fire, that will affect the production of honey in the NLVF.

Actions have been taken to address these challenges, including:

- Holding community meetings for arrangement of time between livelihood activities and forest management activities;

- Setting up forest patrol and monitoring system using Spatial Monitoring and Reporting Tool (SMART);
- Scheduling training and facilitation, between regular patrol and boundary patrol, by project coordinator to build and improve the capacity of LPHD members and community on forest management and livelihood activities. These trainings and facilitations have included introducing new business opportunities and market access, and coordination with stakeholders, not only at the local and provincial levels, but also at national and international levels for funding opportunities.

Registration to Plan Vivo is one of the ways to support Nanga Lauk community in managing NLVF and NLHPT through performance-based support from carbon emission reductions from deforestation and forest degradation. Effort in the local level was inclusion of forest patrol and monitoring activities into the Village Development Plan proposal and financial support for implementing these activities have been submitted to the Kapuas Hulu District Government for approval of the following year Village Fund. The Village Government committed IDR 5 million/year for supporting LPHD activities, including patrol. If approved, it will help the patrol teams to do their activities.

Forest ecosystem and culture of Nanga Lauk community

- The forests in NLVF and NLHPT are peat swamp forests. This type of forest is flooded for most of the months in a year, but also very dry in the dry season which increases its susceptibility to forest fires. Though NLVF has been culturally protected for their livelihood and no illegal logging recorded here, the NLHPT with 'production forest' status was a logging concession area and bordering with community's farmlands. The logging concession has now been inactive for more than 10 years and the license has been cancelled by MoEF. However, the Nanga Lauk community still practice tree cutting in this area for their houses or village facilities, as was previously permitted by the concession. In addition to this, tree planting was not in the community's culture. These are therefore challenges that need to be addressed. The forest fire needs to be prevented, the logging for local use must be stopped, and planting activities need to be started, so that local need of timber can be fulfilled.

For addressing these challenges, the project coordinator in cooperation with stakeholders has been conducting extension and facilitation, including training related with forest fire management, forest patrol and monitoring, and forest rehabilitation. While forest fire monitoring tower was built during project development period (2017), tree nursery development and management and tree planting activities as parts of the project activities have been started during reporting period. The community understands that a new culture of planting trees is needed to prepare stock for future needs of timber and as an income generating activity.

Nanga Lauk Community commitments

- Nanga Lauk Village Government and most community members have now understood very well the importance of conserving the NLVF and NLHPT for environmental benefit, their livelihood benefits and future generation. The current village head and most of the community members have been opposing conversion of their agricultural lands and forests, within the village boundary, into oil palm plantations and activation of timber concession in NLHPT. They want to conserve their forests for the benefits that have been obtained and they are willing to improve their capacity and livelihoods through sustainable use of the forest products. They welcome the NLVF management rights as their participation in forest management for their benefit, broader and global communities. Only a small number of community members still doubt the LPHD institution and NLVF management and lack of awareness toward the importance of the forests. They lack information because had been busy with their livelihood activities. To address this, the village government and LPHD facilitated by the project coordinator have been engaging them to be more active in the village and community activities, providing extension and involving young generations in some of the village and forest management activities, including forest patrol and monitoring and management of the learning center.
- The Nanga Lauk community have committed to conserve the forests in their village and fully support forest patrol and monitoring. However, their understanding and capacity to do the patrol system using SMART are still limited, even though a training and exercises have been provided by the project coordinator. To address this challenge, the project coordinator is dedicating time, skill, and knowledge for implementing the patrol together with patrol teams, providing technical support for processing the monitoring data, and training young community members who have commitment, curiosity, and dedication for learning and using computers and patrol equipment.
- LPHD institution was established through a Village Regulation with no ending date. Meanwhile, LPHD committee was established through a Village Head decree and valid for three years. The tenure of LPHD committee will end in 2019 and coincidentally the tenure of Village Head will also end in 2019. Project implementation maybe affected if the new Village Head's policy is not supporting the forest management activities by LPHD. The Village Government, LPHD and project coordinator realized this issue from the beginning of the project development and have made several efforts for community awareness on the benefits of the forest and the importance of LPHD institution existence. Extension, community engagement and involvement in the forest management are among these efforts.

A3 Project developments

- A formal management rights of NLHPT has not been processed, due to moratorium policy of the Government of Indonesia. This moratorium policy has been suspending the issuance of new permits for utilizing forest resources or release of forest area in primary natural forest and peat lands (including peat ecosystems). NLHPT is currently included in the moratorium map and therefore there is a need to open discussion and negotiation with the MoEF and show that, when village forest management rights are issued for NLHPT and forest management activities

in NLHPT are Plan Vivo Project activities, it will be supporting the forest conservation and thus supporting the aim of moratorium policy.

- Because management rights of NLHPT are not obtained yet, **no certificates are requested for protection of the NLHPT area**. Consequently, forest patrol activities in NLHPT have been reduced from 6 times per year to 4 times per year and village boundary patrol activity is reduced from two times per year to once per year.
- Nanga Lauk community's main livelihood is from fishing and forest honey. Fishing activities are done within the village boundary, e.g. in the rivers and lakes within and in the rivers outside village forest. Nevertheless, fishing and fish product processing activities were not included in the activities under the Plan Vivo project. However, during this reporting period, the community obtained support for fish product processing from an earlier project providing support for livelihoods development in the village that ended in 2017, and after that project ended, there has been no facilitation on how they could market the fish products. Realizing that fish activities and product processing are one of the benefits from protection of the NLVF and NLHPT, community wanted the fish group who already established by the other project to also be included in the Plan Vivo project. Though there is no additional number of households, the fish group is accepted by LPHD to become part of LPHD.
- During project development, forest conservation awareness raising activities were facilitated in the forms of establishment of a community reading room and an awareness contest for students. These activities were one of LPHD committee's responsibilities. During reporting period, some teachers and students who were using these facilities and involved in the activities have shown interests towards developing a group for better coordination, maintenance of facilities, and management of the activities. The Village government also supported this idea and gave recommendation for establishment of this group under Plan Vivo project.
- A typographical error was identified in the land cover change analysis presented as an Annex to the PDD. This affected the calculated climate benefit from NLVF. This error has been corrected.

Table 1 Project Design Document (PDD) updates

PDD version: Version 1 updated to Version 2		
PDD section	Date changed	Short description of update
K.1.1 Climate benefit monitoring plan	1 Jan 2019	Reduced frequency of forest patrol and monitoring in NLHPT to 4 times a year and village boundary patrol to once a year.
G.1.3 Project activities	1 Jan 2019	Inclusion of fish processing group and environmental awareness raising activities into project activities
J.2.1 Benefit Sharing Mechanism	1 Jan 2019	Added fish group and environmental education group, and revised percentages based on Plan Vivo agreement
K.1.1 Climate benefit monitoring plan	1 Jan 2019	Added indicators for fish processing and environmental education group
G.1.3 Project activities J.2.1 Benefit Sharing Mechanism	1 Jan 2019	Establishment of Environment and Conservation Education Group

K.1.1 Climate benefit monitoring plan		
Executive Summary; F.1.1 Table 9; G.4.3 Table 18; G.5.2; G.6.2; Annex 1; Annex 8	1 Jan 2019	Correction of typographical error in calculations and revision of climate benefit estimates
I.1.2 Project coordinator	Pending	Details of details of oversight mechanism and decision-making process of PRCF-Indonesia added

An updated PDD is submitted together with this Annual Report, see Annex 1.

Table 2: Progress against corrective actions

Document	Corrective action	Activity against this
Validation Report	FAR#01 Open project bank account	Bank Account for Plan Vivo Project was created on 17 October 2018, with detail information in below: (internal information only)
SCCM Due Diligence Report	CAR02 Revise details in the PDD so that they reflect the most recent version of the budget.	PDD Section J.2.1 Benefit Sharing Mechanism revised to reflect agreed 5-year budget
SCCM Due Diligence Report	CAR04 Check climate benefit calculations and update if necessary	Following PDD sections revised to correct typographical error in climate benefit estimates: Executive Summary; F.1.1 Table 9; G.4.3 Table 18; G.5.2; G.6.2; Annex 1; Annex 8
SCCM Due Diligence Report	CAR09 Provide details of oversight mechanism and decision-making process of PRCF-Indonesia	Required details added to PDD Section I.1.2 [revision pending]
SCCM Due Diligence Report	CAR10 Open separate bank account for managing project funds	See Validation Report FAR#01

Details of operational risks and mitigation measures identified in the PDD have not been updated.

A4 Future Developments

The project will be fully financed from May 2019, with funding from P4F and SCCM secured. Additional support will also be provided through the Asian Development Bank funded Forest Investment Program.

- Partnership with Partnerships for Forests (P4F)

Partnerships for Forests' main focus is supporting the development of Forest Partnerships. These are partnerships between private sector companies, public sector actors and people—the communities that depend on forests for their livelihoods—that catalyze investment in forests and sustainable land use. P4F is interested to support the initiation built by Lestari Capital in supporting the Sustainable Commodities Conservation Mechanism (SCCM) in Nanga Lauk Village through a bridge funding before SCCM funding is available.
- Partnership with Sustainable Commodities Conservation Mechanism

SCCM is a new financing mechanism to encourage long-term conservation through global commodity markets. SCCM was developed by Lestari Capital, a company that provides a safe and transparent project financing vehicle for commodity companies to fulfil various sustainability commitment obligations as well as standards, such as the Roundtable on Sustainable Palm Oil (RSPO) certification.

Lestari Capital through SCCM is facilitating an RSPO member company, Cargill, which will support community forest and biodiversity conservation efforts in Nanga Lauk Village for 25 years through the management of Village Forests. Lestari Capital will become a buyer of Plan Vivo certificates generated from the Plan Vivo Project in Nanga Lauk. The Plan Vivo Certificate Purchase Agreement and Plan Vivo Agreement are prepared, and the purchase will be finalized once the certificates are issued.

- Partnership with Forest Investment Program 1

Community-Focused Investments to Address Deforestation and Forest Degradation Project - Forest Investment Program 1 (CFIAD-FIP 1) is a program funded by Asian Development Bank (ADB) aiming to address institutional, technical, and capacity-related barriers for financing from the Reduced Emissions from Deforestation and Forest Degradation REDD+ program, with three outputs: (1) gender-responsive community-based REDD+ model, (2) REDD+ strategy is implemented effectively in Kapuas Hulu and Sintang Districts, West Kalimantan province, and (3) Harmonization of sub-national fiscal policy for REDD+. The program runs from 2019 until 2024.

Twelve villages in Kapuas Hulu District and five villages in Sintang District are the beneficiaries of this program, including Nanga Lauk village. For 2019 and 2020, planned activities are:

- Supporting Plan Vivo Annual Report 2018 development
- Training on rattan weaving in Nanga Lauk Village planned on 19-21 March 2019.
- Training on livelihood development in Putussibau
- Assisted-Natural Regeneration (ANR) for 100 ha in forest area (HL and/or HPT) in 2020.

Part A: Project activities

B1 Project activities generating Plan Vivo Certificates

Table 3: Project activity summary

Name of technical specification	Area (ha)	Number of communities	Number of households
<i>Prevention of deforestation and forest degradation in NLVF</i>	1,430	1	195

Note: Certificates are not being claimed for NLHPT due to the current uncertainty of extension of rights in this area

Part B: Plan Vivo Certificate issuance submission

C1 Contractual statement

This issuance is based on the Plan Vivo agreement dated 4 April 2019 signed by representatives of all relevant Plan Vivo project activity groups in Nanga Lauk Village Community and is in line with the conditions of issuance described in the agreement. See Annex 2.

C2 Issuance request

Table 4 Statement of tCO₂ emission reductions available for issuance as Plan Vivo Certificates based on activity for reporting period 1 Jan 2018 to 31 Dec 2018

Area ID	Total area (ha)	Tech. Spec	Saleable ER's (tCO ₂) available from previous periods*	Total ER's (tCO ₂) achieved this period**	% Buffer	No. of PVCs allocated to buffer from ER's achieved this period	Saleable ER's (tCO ₂) from this period	Issuance request (PVCs)	ER's (tCO ₂) available for future issuances
NL VF	1,430	Prevention of deforestation and forest degradation in NL VF	0	1,512	13.5	204	1,308	1,308	0

*Number of tCO₂ sequestered or avoided emission through participants' activities in previous reporting periods which have not yet been issued as PVCs

**Number of tCO₂ sequestered or avoided emission through participants' activities this reporting period.

C3 Allocation of issuance request

Table 5 Allocation of issuance request

Buyer name/ Unsold Stock	No. PVCs transacted	Registry ID (if available) or Project ID if destined for Unsold Stock	Tech spec(s) associated with issuance
Lestari Capital	1,308		Prevention of deforestation and forest degradation in NL VF

C4 Data to support issuance request

The schedule for performance-based support in PDD Section J.2.2 states that

"If any activity-based forest protection indicator value falls below the threshold for two or more consecutive monitoring periods, then a proportion of the certificate issuance will be withheld until it can be demonstrated that the indicator threshold has been met."

Performance of the project against the activity-based indicators is described in Part E. Since the project has not been fully financed in this reporting period, indicator thresholds have not been met, and corrective actions have been triggered. However, since the indicator values have not been below the threshold, for two or more consecutive monitoring periods a full issuance is requested.

Part C: Sales of Plan Vivo Certificates

D1 Sales of Plan Vivo Certificates

Table 6 Sales of Plan Vivo Certificates

Vintage	Buyer	No of PVCs	Price per PVC (\$)*	Total sale amount (\$)*	Price to participants per PVC (\$)*	% Sale price received by participants
	Lestari Capital	1,308				54%***

*Pricing reported for internal monitoring purposes only. Pricing information will be removed from the final published document.

**Note: The sale agreement has been drafted but is not finalized at the time of submission of this report.

***Note: Based on average allocation over the first five-year project period. Percentage received by participants over this first project period is lower than in future periods because of the relatively high level of support needed from the project coordinator in the early years of the project.

Part D: Monitoring results

E1 Ecosystem services monitoring

The results of activity-based monitoring described in PDD Section K.1.1 are summarised below. For further details see Annex 3.

Indicator	Threshold	Result	Corrective actions
1) Securing rights	In the last 12 months, progress has been made towards securing rights to management (for NLHPT) and utilization (for NLVF and NLHPT) of the project areas.	<ul style="list-style-type: none">● NLVF license is secured, and confers required user rights● NLHPT – it is not currently possible to extend the village forest license to include the HPT area, certificates for this area are therefore not claimed for this reporting period.	Activities will be carried out to explore potential to expand the village forest area, including village meetings and engagement with local and national authorities. This is not a corrective action, however, since no certificates are currently being claimed for the NLHPT area.
2) Forest management institution functioning	LPHD office has equipment and LPHD members have the necessary capacity to implement management plans; and in the last 12 months, members have met at least once a month, and reported to the project coordinator at least once every 3 months.	<ul style="list-style-type: none">● Quarterly equipment inventories were not completed, but an inventory in Jan 2019 shows that all equipment in good condition with the exception of one water pump that is damaged.● Monthly meetings were not carried out during the reporting period.	CA01 Repair or replace damaged water pump CA02 Initiate monthly meetings for LPHD and quarterly reporting to the project coordinator
3) Village regulations	Regulations on the use of forest resources are in place and are sufficient to ensure sustainable forest management, prevent deforestation and forest degradation, and conserve biodiversity.	<ul style="list-style-type: none">● Village regulations were not formalised in this reporting period	CA03 Formalise village regulations.

Indicator	Threshold	Result	Corrective actions
4) Boundary marking	For the NLVF, the boundary of the project areas is clearly marked in year-2 after the start of the project; for NLHPT the boundary of the project areas will be marked 20% in year-1 after the rights are secured; 40% in year-2, and 40% in year-3; sign boards with details of village regulations on use of forest resources and fire monitoring tower are in place.	<ul style="list-style-type: none"> Boundary marking for NLVF was not planned in this reporting period, fire monitoring tower and sign boards are in place 	
5) Forest patrol and monitoring	Forest patrol teams have necessary equipment and capacity to complete effective patrol and monitoring activities, and have conducted two boundary patrols, and 12 routine patrols in NLVF and 6 times in NLHPT, within the last 12 months.	<ul style="list-style-type: none"> Quarterly equipment inventories were not completed, but an inventory in Jan 2019 shows that all forest patrol and monitoring equipment is in good condition Routine patrols of NLVF were conducted in Jan and Feb 2018, and a patrol of NLHPT was conducted in Feb 2018, boundary patrols were not completed 	CA04 Re-start regular patrols
6) Rattan and bamboo	In the last 12 months, progress has been made in the development of rattan and bamboo management, processing and marketing activities.	<ul style="list-style-type: none"> Training in rattan and bamboo processing was conducted 	
7) Forest honey	In the last 12 months, progress has been made in the development of forest honey enterprises and marketing.	<ul style="list-style-type: none"> No support to forest honey group in this reporting period 	CA05 Initiate support to forest honey group
8) Ecotourism	In the last 12 months, progress has been made in the development of ecotourism facilities and program.	<ul style="list-style-type: none"> Ecotourism training was conducted, and tourist infrastructure developed 	
9) Forest rehabilitation	In the last 12 months, progress has been made in the development of nursery facilities, nursery maintenance, and implementation of planting.	<ul style="list-style-type: none"> Training on establishment of nursery and tree planting 	
10) Rubber product development	In the last 12 months, progress has been made in the development of rubber products marketing plan and marketing activities.	<ul style="list-style-type: none"> No support to rubber group in this reporting period 	CA06 Initiate support to rubber produce development group

It was not possible to meet all indicator thresholds in this reporting period, because of a funding gap from the end of support from the ADB Technical Assistance grant in Feb 2018. The project is now able to

restart all activities, however with support from P4F and income from certificate sales to SCCM. All corrective actions can be implemented and there is no indication that the slower than expected start to project activities has led to additional deforestation or degradation within the NLVF project area.

E2 Maintaining commitments

This section is not applicable as no participants have resigned or been removed from the project.

E3 Socio-economic monitoring

The annual participatory wellbeing assessment described in PDD Section K.2.1 was not initiated in this reporting period, and will commence in 2019.

E4 Environmental and biodiversity monitoring

A summary of environmental and biodiversity monitoring results recorded by forest patrol teams is provided below. For full details see Annex 4.

Indicator	Monitoring result
Encounters with priority species*	Species observed within NLVF by forest patrol teams include: <ul style="list-style-type: none">• Bornean white-bearded gibbon <i>Hylobates albipile</i>• Crab-eating macaque <i>Macaca fascicularis</i>• Wreathed hornbill <i>Rhyticeros undulatus</i>• Black hornbill <i>Anthracoceros malayanus</i>• Sunda scops owl <i>Otus lempiji</i>• Brahminy kite <i>Haliastur indus</i>
Signs of priority species*	All species identified indirectly were confirmed with direct sightings
Unsanctioned animal traps located and removed	No animal traps were found by patrol teams
Other threats to biodiversity	No other threats to biodiversity were identified by patrol teams
Unsanctioned opening of fields	No field opening was identified within NLVF
Unsanctioned trees felled	No newly felled trees were identified within NLVF
Area affected by forest fire	No areas within NLVF were affected by forest fires

Part E: Impacts

F1 Evidence of outcomes

No evidence of outcomes is available at this stage. Changes to forest cover within NLVF will be assessed at the time of verification after the fifth-year of the project.

Part F: Performance-based support

G1 Summary of support by year

No performance-based support was provided in the reporting period. This is because this report represents the first reporting period and there has therefore been no income from the sales of PVCs.

Table 7 Summary of payments made and held in trust

1. Reporting Period (start date – end date)	2. Total payments in previous reporting periods	3. Total ongoing payments (in this reporting period)	4. Total payments made (2+3)	5. Total payments held in trust	6. Total payments withheld
1 Jan – 31 Dec 2018	NA	0	0	0	0
TOTAL	0	0	0	0	0

Part G: Ongoing participation

In the future the project may expand to include some or all of the HPT area in Nanga Lauk village land (NLHPT) as described in the PDD. This expansion is currently on hold however pending clarification of potential for securing management rights to this area.

H1 Recruitment

If the project area is expanded, the project participants will remain the same.

H2 Project Potential

Table 8 Details of potential project participants

Number of communities with Plan Vivo management plans	1 – same community in current agreement for NLVF
Approximate number of households (or individuals) in these communities (if known)	195 – same households as under current agreement for NLVF

H3 Community participation

The trainings and community meetings carried out in this reporting period are summarized in the following activity reports. For details see Annex 5.

Focus Group Discussion (FGD) of Village Library in Nanga Lauk Village, January 3 - 4 2018.

Agenda:

- Provide an overview of the theories and concepts of village libraries
- Build agreements and establish a village library management institution

Issues arising:

- Information and knowledge that is accessible to the public is limited
- Village library facilities not available
- Most village forest managers are not willing to accept assignments in managing village libraries, because most are not interested in doing activities by reading and are more focused on efforts to improve family livelihoods.

Response to issues raised:

- Seek support for the procurement of books related to knowledge for children or the younger generation, development of livelihoods, utilization of forests and forest products as well as conservation of natural resources; Planning the purchase of books for the village library collection will be completed with the village government and companion (YPRCFI)

- Looking for support for the procurement of village library facilitation and community Reading Parks, with plans to build 1 village library unit with the village government and companion (YPRCFI)
- Involving junior high school students and teachers in managing village libraries

Study Visit of Village Forest Management in Kubu Raya District - February 2018

Agenda:

- Increasing the institutional capacity of Nanga Lauk LPHD in the management of village forests
- Increasing LPHD knowledge about efforts to manage potential and business development
- Increasing the capacity of LPHD in carrying out supervision, safeguarding, and preventing the threat of disturbances in forest area damage.

Issues arising:

- Learning about village forest management
- Learning and developing the potential of local natural resources in increasing community income
- Learning about preservation and protecting forests

Response to issues raised:

- Sessions about village forest management in Batu Ampar Village suggest a need for multi-stakeholder synergy in the management of village forests, especially the village government, community and LPHD, district government and KPH. As an institution under the village government, LPHD must receive full support from the village government.
- Sessions about business development in Sungai Besar Village, suggest there are several things that must be considered: (1) LPHD must be focused and consistent, (2) Building networks with outside parties is very necessary and (3) Information on opportunities for assistance from government, partners and private sector can be accessed either in the form of business capital, business support facilities and promotional support must always be updated.
- In forest security in Tanjung Harapan Village, LPHD conducts routine patrols in areas prone to damage. But for areas that are relatively safe, LPHD completes patrols if needed, in a period of once every 3-4 months. The form of disturbance that is often found is logging of mangrove trees to be used as charcoal. This disturbance comes from people in other villages. These instances are handled by issuing a warning that, if found again, it will be processed according to custom and rules in Tanjung Harapan Village.
- In addition to patrolling, other safeguards include persuasive socialization to the community. Preventive and repressive actions are carried out if the level of damage is very severe.

Training in Village Library Management in Nanga Lauk Village, 5 - 6 January 2018.

Agenda:

- To socialize to the community, especially the younger generation in the Nanga Lauk Village about Village Forest which has been recognized and determined by the Government covering an area of 1,430 ha
- Introducing to the community that Nanga Lauk Village has a village library as a learning tool.

- Increase understanding of the potential of existing natural resources to be managed as ecotourism destinations

Issues arising:

- How to establish conservation awareness early on to children or young people
- Increase the participation of villagers in supporting village forest management efforts through alternative approaches

Response to issues raised:

- Environmental education is an effort to change attitudes. This will be carried out by various parties or community elements which aims to increase knowledge, skills and awareness of the community about environmental values and environmental issues. This can eventually move the community to play an active role in conservation efforts and environmental safety for the benefit of the present and future generations.
- Embedding awareness in children or the younger generation, will be more effective if done in informal forms such as games, productive competitions such as writing, storytelling and coloring competitions.
- Activities involving children have encouraged the participation of parents to be involved in activities

Nursery and Tree Planting Training - February 2018

Agenda:

- Increase the capacity of the community of Nanga Lauk Village in making seedlings
- Increase the knowledge of the Nanga Lauk Village community in the management and care of nurseries
- Increase the knowledge of the Nanga Lauk Village community in efforts to restore and rehabilitate the forest area

Issues arising:

- Putat trees, and other trees which are the source of bee feed, are necessary for tikung instillation. Due to the increasing number of residents in Nanga Lauk Village, the land pressure for finding a location for the tikung installation will also increase. Therefore, these plants need to be planted as soon as possible.
- Medang trees are increasingly rare and difficult to obtain because nurseries and medang have never been created. At present the Nanga Lauk community is still felling these trees, and will continue for a long time, meaning that the existence of the Medang tree is threatened with extinction.
- Many people do not know about planting media that is good for nurseries. The planting media used by the community is only soil, without mixing with organic fertilizer. Because of this, the results they get are not optimal, plants become stunted, susceptible to disease and some even die before fruiting.
- The community has not yet realized the importance of fertilization
- The community does not understand well the good and right planting techniques

Response to issues raised:

- Prioritizing enrichment of plant seeds needed by the community in supporting income, especially Putat trees, tuna trees and Medang trees.
- Provide explanations or learning about nursery techniques;
- Planting media must be well prepared so that the results obtained are satisfactory. A good planting medium is top soil, which is soil that is located on the surface of the soil about 15 cm down. This soil is very good because it contains nutrients and is rich in nutrients.
- To get a good planting medium, top soil must be mixed with other materials that are rich in organic matter such as husk and compost. After the planting media is mixed, it is to be sterilized by drying for about 3 days to eradicate the fungus in the soil. After that, the planting media is ready to be put into a polybag.
- Providing learning about fertilization; applying fertilizer is the most important thing to accelerate the rate of growth of seedlings and to multiply the fruit of a plant. In addition to fertilizing, watering is equally as important, especially during the dry season. Watering is done twice a day, morning and evening. Watering should be done as needed because too much watering can cause fungal growth on the surface of the media / soil.
- Providing learning about planting techniques; in the process of planting many people do not know the good spacing. Currently, they believe that planting more will result in better results. However, this is a wrong view because, if the spacing is too tight, the plants will not bloom, the plants will curl up because plants are not exposed to sufficient sunlight, and the leaves and plant roots meet each other. To combat this, they will get information about planting techniques and plant maintenance.

Advanced Ecotourism Management Training (Tour Guide Training, Homestay and Culinary Management) - February 2018

Agenda:

- Dissemination of the results of study tours for managing ecotourism in Tanjung Puting National Park
- To make plans related to tourism packages that match the potential community-based marketing and ecotourism management strategies.
- Conduct simulations of tour packages and increase community skills in terms of preparation, coordination, comfort, security for tourists.

Issues arising:

- Some people do not understand the tourism potential in the village
- There is no visual picture that is easily understood by people outside the village or tourism about the condition of the village
- There are no documents that narrate narratives about the description of the village and its tourism potential
- There are no institutions that manage ecotourism in the village

Response to issues raised:

- Identifying the tourism potential in Nanga Lauk Village
- Create a Regional tourist map and a village tourism map in the Nanga Lauk Village
- Make a village information guidebook

- Facilitate the establishment of ecotourism management institutions

Workshop on Ecotourism in Nanga Lauk Village (Preparation of Nanga Lauk ecotourism governance guidelines) – February 2018

Agenda:

- Promoting tour packages to stakeholders in Kapuas Hulu District
- Obtaining the contribution of constructive thinking from the parties involved
- Increase the confidence and experience of the managers of ecotourism in the Nanga Lauk Village
- Encourage community awareness and understanding in Nanga Lauk Village about the concrete benefits of village forest management and ecotourism in particular.

Issues arising:

- Promotion of ecotourism management in Nanga Lauk Village is not yet optimal
- The capacity of ecotourism management institutions is still low

Response to issues raised:

- Create and manage websites to support the promotion of ecotourism programs in Nanga Lauk Village online
- Mapping several opportunities that exist to support capacity building for ecotourism management institutions in Nanga Lauk Village
- Socialize guidebooks in the management of Nanga Lauk Village ecotourism

Development and Marketing of Rattan Products Produced by Communities in and Around the Forest of Kapuas Hulu Regency, May-July 2018

Agenda:

- Improve community expertise in producing rattan matting
- Facilitate the marketing of rattan woven products produced by the community

Issues arising:

- Product selling prices are relatively higher compared to products from other regions
- Productivity is still low, so it cannot produce sustainably
- Products have not been absorbed by the market

Response to issues raised:

- Need to discuss again to determine a fair selling price with the community and support production facilities so that the production process is more efficient (such as rattan processing machines and rattan preservative machines)
- Need to prepare marketing tools; currently there is an MoU with Hypermart in Pontianak and an online market through blanja.com facilitated by BUMN Bank BNI to increase marketing efforts

Part H: Project operating costs

I1 Allocation of costs

Table 9 Allocation of costs

Expense	Narrative	Amount (USD\$)*	Contribution from sale of PVCs	Contribution from other sources
Training Study visit 21-26/01/2018	Study visit to Village Forest in Kubu Raya District on the village forest management		0	Source: ADB-HOB SFBMB Project
Cash Forest patrol and monitoring 28-29/01/2018	Routine patrol in NLVF		0	Source: ADB-HOB SFBMB Project
Cash Forest patrol and monitoring 09-10/02/2018	Routine patrol in NLVF		0	Source: ADB-HOB SFBMB Project
Cash Forest patrol and monitoring 11-13/02/2018	Routine patrol in NLHPT		0	Source: ADB-HOB SFBMB Project
In-kind Patrol facility 12/02/2018	Construction of fire monitoring tower in Sungai Buaya – NLVF		0	Source: ADB-HOB SFBMB Project
In-kind Patrol facility 12/02/2018	Construction of fire monitoring tower in Sungai Buaya – NLHPT		0	Source: ADB-HOB SFBMB Project
Training Forest rehabilitation activity 16-20/01/2018	Training on establishment of nursery and tree planting		0	Source: ADB-HOB SFBMB Project
Cash Forest rehabilitation activity 01-31/07/2018	Planting 20,000 seedlings with 7m x 3m distance or equal to 42 hectares. Species planted: <i>purik (Mitragyna speciosa Korth)</i>		0	Source: BPDAS-HL Kapuas
Training Rattan and bamboo group activities 06/02/2018	Socialization and activity planning		0	Source: The Samdhana Institute

Expense	Narrative	Amount (USD\$)*	Contribution from sale of PVCs	Contribution from other sources
Training Rattan and bamboo group activities 13-14/03/2018	Training on productive business		0	Source: The Samdhana Institute
In-kind Rattan and bamboo group promotion activities 13-15/04/2018	Participation in Indonesia Creative Product Festival in Kuala Lumpur, Malaysia		0	Source: CSR BNI / Creative Houses of State-Owned Enterprises
In-kind Rattan and bamboo group promotion activities 25-29/04/2018	Participation in INACRAFT 2018, Jakarta		0	Source: CSR BNI / Creative Houses of State-Owned Enterprises
Training Rattan and bamboo group activities 20-24/04/2018	Training on design, shape and size of the product and weaving techniques		0	Source: The Samdhana Institute
Training Rattan and bamboo group activities 07/05/2018	Workshop on sustainable and participatory harvesting standard		0	Source: The Samdhana Institute
Training Rattan and bamboo group activities 04/07/2018	Workshop on sustainable and participatory harvesting standard (continued)		0	Source: The Samdhana Institute
Training Ecotourism group activities 03-11/01/2018	Training on advance ecotourism management		0	Source: ADB-HOB SFBMB project
Training Ecotourism group activities 14-15/02/2018	Workshop on Nanga Lauk ecotourism		0	Source: ADB-HOB SFBMB project
In-kind Ecotourism group activities 02/02/2018	Homestay construction		0	Source: ADB-HOB SFBMB project
In-kind Ecotourism group activities 13/02/2018	Construction of wildlife monitoring track: (1) Broadwalk 460 meter (2) Wildlife monitoring track cleaning 1,000		0	Source: ADB-HOB SFBMB project

Expense	Narrative	Amount (USD\$)*	Contribution from sale of PVCs	Contribution from other sources
	meters around lake in NLVF			
In-kind Ecotourism group activities 13/02/2018	Construction of 2 units of shelter in NLVF		0	Source: ADB-HOB SFBMB project
In-kind Ecotourism equipment 02/02/2018	Nature observation tools		0	Source: ADB-HOB SFBMB project
In-kind Ecotourism equipment 02/02/2018	Field communication tools		0	Source: ADB-HOB SFBMB project
In-kind Ecotourism equipment 02/02/2018	Safety equipment		0	Source: ADB-HOB SFBMB project
Training Environment and Conservation Education group activities 03-04/01/2018	FGD on village library management		0	Source: ADB-HOB SFBMB project
Training Environment and Conservation Education group activities 05-06/01/2018	Training on village library management		0	Source: ADB-HOB SFBMB project
In-kind Environment and Conservation Education group activities 07-09/02/2018	Competition for writing, story-telling and drawing for students		0	Source: ADB-HOB SFBMB project
In-kind Environment and Conservation Education group activities 02/02/2018	Construction of village library (4 m x 6 m)		0	Source: ADB-HOB SFBMB project
Cash	Due Diligence by P4F and Lestari Capital/SCCM – the fund used for		0	Source: P4F/Lestari Capital

Expense	Narrative	Amount (USD\$)*	Contribution from sale of PVCs	Contribution from other sources
Funding institutions' due diligence process 09-13/06/2018	transportation, accommodation, and meals of due diligence team and for community meetings			
Cash Funding institutions' due diligence process 08-12/10/2018	2018 Tri Hita Karana Sustainable Development Forum: Launching of RSPO Compensation for support Forest Conservation Community Based Program in Nanga Lauk Village		0	Source: P4F/Lestari Capital
Total			0	

*For internal purposes only

Annexes

Annex 1 Revised PDD

Annex 2 Plan Vivo agreement

Annex 3 Monitoring results for issuance request

Annex 4 Patrol reports

Annex 5 Activity reports