

Template for report and accounts for organisations under the Climate and Forest Initiative funding scheme for civil society

This template for reports and accounts is to be used by organisations with agreements with Norad under the Climate and Forest Initiative funding scheme for civil society.

With reference to the signed agreement, the templates are to be used for presenting **progress and achieved results of the project** for the previous calendar year. It should also be used as a template for the final report after the agreement period has ended.

The report must include, as attachments, an audited account and audit report for the last calendar year. The report shall be according to approved project document.

The progress report for the first two years (2013 and 2014) should be approximately ten (10) pages, and give a short and concise update. Where possible it should include results on outcome level and show effects on target groups. However, for many of the new projects it will only be possible to report on products/outputs after one or two years. In those cases, a short analysis of the likelihood that the outputs will lead to the expected outcomes should be included.

The deadline for delivering the report is 1 May, unless your contract says otherwise, electronically to postmottak@norad.no.

Final report for the whole agreement period (2013-2015) should include results on a higher level in the results chain (see figure below). The final report should give a description of outcomes in terms of effects on target groups, and explain how these outcomes are expected to contribute to the intended impact. In cases where outcome cannot be documented by the end of the agreement period, substantial evidence of outputs should be presented with an explanation on how these will lead to the desired outcome and when. Deadline for submitting the final report is 1 June 2016, electronically to postmottak@norad.no.

1. General Project Information:

- 1.1 Name of recipient organisation: Rainforest Action Network (RAN)
- 1.2 Reporting years: 2013-2015 Final Report
- 1.3 Agreement Number: 822.1/ 1201408
- 1.4 Name of project: Harnessing Demand Side Drivers to Stem Indonesian Deforestation and Emissions, Secure Forest Rights and Tenure and Transform Commodity Markets
- 1.5 Country and/ or region: Indonesia
- 1.6 Financial support to the project from Norad for last calendar year 2015: NOK 1,998,202
- 1.7 Thematic area: REDD+ relevant commodity supply chains

2 Describe the project's progress for previous calendar year:

Result chain:



With reference to the Result Chain as illustrated above, Norad requires feedback mainly on products/ services (outputs) and end effect on target groups (outcomes) in the progress report.

2.1 Give a short description of the **project's target group(s)** and what the baseline for the target group was at the start of the project (from the approved project document).

Indonesian government must undertake and support efforts to recognize and respect the rights of Indigenous peoples and rural communities to control and manage their customary lands and deliver legal reforms that recognize and protect collective rights for these communities, and b) implement policies that regulate anti-corruption practices.

Consumer brands must a) adopt policies that clearly define values including the elimination of palm oil or pulp associated with natural forest loss or the draining of peat lands and the failure to recognize customary forest communities rights, b) push their suppliers to increase transparency and traceability of commodities closely linked with deforestation and associated emissions, and c) advocate for permanent policy solutions that will enable the implementation of REDD+.

International palm oil traders such as Cargill, IOI, Wilmar must adopt safeguards that build on and go beyond those outlined in the Roundtable on Sustainable Palm Oil's (RSPO) current principles and criteria to prevent them from trading palm oil, a) grown at the expense of peat lands and natural forests, and b) grown on plantations with significant social conflict or lack of community consent.

Global pulp and paper companies Asia Pulp and Paper (APP) and APRIL must, a) stop expansion onto peat of any depth, b) adopt safeguards that prevent them from expanding plantations at the expense of natural forests, and c) remedy social conflicts and respect the rights of forest communities.

Financiers must, a) adopt and use social and environmental due diligence criteria for the palm and pulp sector, b) engage directly with company's management on social and environmental issues in supply chains, and c) divest where progress cannot be made.

2.2 Please repeat the project's **desired impact** (from the approved project document).

This project will contribute to the prevention or reduction of greenhouse gas emissions from deforestation, forest degradation and the draining of peat lands in Indonesia and Malaysian Borneo by palm oil and pulp wood sectors. Shifting consumer demand to deforestation-free sources of commodities will drive greater supply chain transparency, traceability and accountability; encourage government policy reforms for low carbon development pathways; and ultimately promote changes in palm oil and pulp wood sector practices that will significantly reduce associated greenhouse gas emissions and help secure rights for forest dependent people:

- The trajectory of rising greenhouse gas emissions from the clearing and draining of forests and peat lands in Indonesia is significantly reduced as corporate palm and pulp plantation expansion is shifted away from high carbon landscapes.
- Rights of forest dependent communities are respected and recognized as corporate plantations implement consultation, consent and remedy principles found in UNDRIP and other international treaties and instruments.
- Capacity, skills, and influence of civil society groups in democratic processes and resource management decision-making strengthened to allow for improved engagement in local, national and international campaigns to address a) plantation expansion into natural forests and peat lands, b) land tenure issues and c) problematic regulatory frameworks.
- Deforestation and conflict-free commitments adopted by multinational corporations reduce greenhouse gas emissions, improve transparency and traceability in global supply chains and support adoption of strengthened social and environmental safeguards in Indonesia and globally.
- Development-without-deforestation business models that support forest sector reforms needed for the implementation of REDD+ are embraced by Indonesian and multinational companies who in turn support policies and efforts by reformers within government and the President to stem deforestation and reduce GHG emissions.

Evidence of progress toward achieving the project's desired impact will be indicated when, first, global consumer demand calls for deforestation-free sources of commodities and, second, government and industry respond with meaningful steps to address these demands. Examples of meaningful steps would include eliminating controversial palm oil that is associated with deforestation, high greenhouse gas emissions from expanding on carbon-rich peatlands, human rights and labor violations and illegal sources from supply chains that ensure supply chain transparency, traceability and accountability. The implementation of policies that demonstrate commitments by companies to rid their supply chains of problematic sources will also indicate progress.

2.3 Is the project still relevant for the desired impact? Yes

2.4 Please repeat the project's outcome(s) (effect on project's target group(s), counterpart(s), beneficiary (-ies)) (from the approved project document).

Outcome I: Partner civil society organizations and networks in Indonesia and Malaysia are strengthened and supported by RAN to a) develop case studies that feed international markets campaigns on pulp/paper manufacturers, palm oil traders, and consumer-facing brands, b) run local campaigns supported by international leverage that set precedents that push policy changes, and c) expand civil society capacity to tackle key drivers of deforestation and loss of forests and peat lands.

Outcome II: The Indonesian pulp and paper sector is convinced by demand-side pressure from leading U.S. and Japanese corporations and their printing/manufacturing partners in China to a) curb expansion of pulp plantations in peat lands and natural forests, b) respect forest people's rights and tenures and c) support equitable low-emissions rural development pathways and alternatives.

Outcome III: Indonesian and Malaysian palm oil producers are convinced by demand-side pressure from leading multinational corporations and the global traders that supply their oil to international markets to a) stop expansion of palm plantations in peat lands and natural forests, b) respect forest people's rights and tenures and c) grown palm oil with values that surpass those currently articulated in the principles and criteria of the RSPO.

Outcome IV: Consumer-facing companies adopt deforestation and conflict-free commitments and advocate for Indonesian forest governance policy reform, supply chain transparency,

improvements to roundtable and certification criteria, and low emissions development with peers and policy makers.

2.5 Are there any internal and/ or external factors that have affected the project in any significant way? No

Results:

Reporting of results must at least be at the output level (above the activity level). In addition, outcome must be stated where possible (see result chain above). Where it is too early to document outcome, please explain why.

2.6 Main outputs and outcome(s).

- a) Report on the main products/services (outputs) the project has delivered to achieve the planned outcomes.

Outcome I:

Indonesia pulp and paper sector, Asia Pulp and Paper: implementation of APP Forest Conservation Plan. As member of APP advisory Solutions Working Group secured:

- Independent third party auditing of implementation of forest, peatland and social conflict resolution and quality of high conservation value, high carbon stock area and social impact assessments;
- Extension of APP Forest Conservation Policy to APP affiliates and acquisitions
- Mediation for five high profile land conflicts;
- Customer contractual obligations based on APP performance on implementation and progress on addressing legacy biodiversity and social impacts.

Impact of Outcome II:

Although APP has made largely satisfactory progress in developing SOPs/protocols relating to conflict resolution and FPIC to date, recent shortcomings brought out by the Social Issues Pokja assessment of APP performance will require improvements. The company's grievance mechanism remains problematic. And, with hundreds of conflicts yet to be resolved and with APP's poor performance in addressing community complaints and conflicts, the company has a long way to go before its commitment to resolve conflict and respect rights is satisfactorily met.

In addition to FPIC, conflict resolution processes and direct negotiations with specific communities, the main mechanism APP is developing to meet its commitments and achieve improved social and environmental outcomes on the ground is Integrated Sustainable Forest Management Plans (ISFMPs) that bring together information and recommendations from APP's various studies (e.g. HCV, HCS, conflict mapping) and put forward specific management plans to be implemented. Social Issues Pokja members have begun to track and in some cases (e.g. SumSel) participate in the ISFMP processes.

With the murder of Indra Pelani at the end of February 2015, RAN and its partners suspended direct engagement with APP. We have recently met with Walhi Jambi and others, and had informal meetings with APP about conditions and steps to re-engage with the company. We have continued to support communities engaged in mediated/facilitated negotiations and support PPJ

and others in participatory mapping and other activities designed to resolve conflict and secure rights and remedy past harm.

Much work remains to be done before APP and APRIL/TPL can be seen as successfully implementing their policy commitments related to resolving land conflicts and respecting free, prior and informed consent (FPIC) and human rights, or to be seen as satisfactorily meeting their commitments relating to stakeholder engagement and transparency. Although the companies have put a host of building blocks in place to implement commitments, in most cases, changes have yet to reach the ground (i.e. the Forest Management Unit level) where many practices remain the same as they were prior to APP and APRIL/TPL's announcement of their policies.

Additionally, through our work with partners over the last 3 years, it has become clear that companies can agree to provide land use or management rights and agree to allow community lands enclaved inside their concessions, but that only government can recognize or uphold community tenure legally. Within the current policy framework, this is a long and complex process that will require extensive work by our partners on a case-by-case basis and concerted efforts to reform/develop policy to make recognition of collective tenure more straightforward. By supporting work to strengthen CSO and community capacity, monitor and report on company performance, engage APP and APRIL/TPL and generate national and international attention and market pressure, this grant has helped provide a basis to improve government policies and land reform.

Outcome II:

Due in part to market pressure and direct engagement from RAN, and other international and Indonesian NGOs, APRIL, parent company Royal Golden Eagle (RGE) and sister companies Sateri and Toba Pulp Lestari (TPL) adopted no deforestation, no forested peat and no exploitation policies in 2015.

Following outreach with ten Japanese customers of APRIL in early 2015, two customer companies suspended purchasing of APRIL products; four confirmed they were no longer buying from APRIL; and three communicated concerns to APRIL. Following engagement with a coalition of international NGOs including RAN, two of APRIL's financiers – Santander and ABN Amro – suspended financing for APRIL. In addition, Credit Swiss conveyed its concerns to and pressed APRIL and the RGE group to adopt and implement no deforestation policies.

Leading up to a conference with Chinese printers, print brokers and paper merchants convened by PREPS (Publishers data base for Responsible Environmental Paper Sourcing), RAN worked with conference organizers and presenters to design the agenda, participant list, and presentations. The conference reinforced messages on risks of Indonesian paper sources and responsible paper supply requirements that Chinese printers have been getting from publishers. A follow up conference is expected in 2016.

Impact of Outcome II:

Working with Indonesian and international NGO allies, RAN has been successful in diversifying pressure and in generating additional pressure on APRIL, the Royal Golden Eagle group (RGE), Sateri and its supplier and affiliate Toba Pulp Lestari (TPL). We have leveraged new campaign arenas including investors and Japanese copy paper customers. In the US and Europe, we have focused on engaging large office supply and packaging paper and pulp customers including: Staples, Office Depot, Office Max, Nestle, Disney and International Paper, all of which have confirmed they are not buying from APRIL and most of which have communicated directly with APRIL. These efforts have generated contract cancellations, significant media and public attention and have resulted in tens of thousands of actions taken by RAN supporters and the public.

Outcome III:

CONSUMER BRANDS

Due in part to market pressure and direct engagement from RAN, a number of additional consumer brand companies adopted or strengthened responsible palm oil policies that required all suppliers to cease deforestation, development on peatlands, and the exploitation of local communities and workers. RAN focused efforts on improving the policies of consumer brands that consume the largest volumes of palm oil including PepsiCo and Unilever; and securing new policies from the world's largest bakery company, Grupo Bimbo, and instant noodle giants Toyo Suisan and Nissin Foods. RAN has also pushed a number of brands such as Mars, Kellogg's, and Hersheys to publish frequent progress reports and to take action on non-compliant suppliers such as Felda, Kuala Lumpur Kepong Berhad (KLK), IOI Group and palm oil companies responsible for the clearance of lowland rainforests and peatlands in the Leuser Ecosystem.

TRADERS

Market pressure and RAN's publication of case studies that presented the findings of field investigations uncovering ongoing deforestation in the supply chains global palm oil traders-- including Wilmar International, Golden Agri Resources and Musim Mas--accelerated traders' efforts to implement their palm oil policies in the Leuser Ecosystem - a large intact area of forests and peatlands in the provinces of Aceh and North Sumatra, Indonesia. In addition to the individual efforts of each trader to implement their own policies, they have focused on collective action in this region via the Indonesian Palm Oil Pledge (IPOP). This initiative is driving increased attention on the need for traders to enforce moratoriums on the clearance of forests and peatlands in the operations of their third party suppliers.

RAN has also pressured traders to establish grievance mechanisms to ensure the resolution of conflicts with local communities, due largely to the failure to respect the rights of communities to say no to development on their lands. Wilmar, Golden Agri Resources, Musim Mas and Cargill all established grievance mechanisms during 2015; and began reporting publicly on the steps taken to resolve outstanding disputes. After ongoing engagement with RAN's corporate engagement team, Golden Agri Resources also released a more comprehensive palm oil policy that applied to its entire operations and those of its third party supplier. The policy includes strengthened human rights safeguards.

Impact of Outcome III:

Since RAN launched the palm oil campaign, a number of major shifts have occurred within the sector. The first shift is the increase in the public's awareness of issues associated with palm oil. Despite palm oil being used in nearly half of products on supermarket shelves, it was once an unknown ingredient for many American shoppers. This has changed over the last two years as a growing number of field investigations, reports, scientific studies, improved satellite monitoring, media stories (including prime-time episodes on investigative programs such as Showtime's *Years Of Living Dangerously* and HBO's *Vice*), and corporate engagement campaigns have systematically and significantly raised the profile of this issue. Palm oil is now recognized by a larger consumer-base, mainstream media and opinion leaders as a leading driver of tropical deforestation, climate pollution through the burning of peatlands, land grabbing, social conflict and human rights abuses including the use of child and slave labor by bad actors in the sector. As a tactic in this effort, RAN coined the term "Conflict Palm Oil" and has effectively inserted this term into the social conversation around this issue.

Corporate executives of consumer brand companies can no longer avoid these issues as public awareness and pressure to eliminate Conflict Palm Oil from their branded products grows. The impacts of these efforts to date have led to a proliferation of new public policies and procurement

commitments that aim to eliminate any palm oil associated with deforestation, expansion onto peatlands, and human and labor rights violations from product supply chains. In the last two years, more than twenty of the world's largest consumer brands and palm oil traders have announced new palm oil procurement commitments. This is a clear signal that business as usual in the palm oil sector is no longer acceptable in growing numbers of international markets. RAN has contributed to this shift directly by our public campaign on Cargill and the Snack Food 20, direct policy input and engagement with over 30 corporations, and our efforts to expose critical issues that need to be addressed in the palm oil sector through the release of well-documented publications.

Since the launch of the Snack Food 20 campaign in September 2013, a number of companies have emerged as front-runners in global efforts to eliminate Conflict Palm Oil. Front-runners have released responsible palm oil commitments that reset the bar above and beyond the inadequate standards of the Roundtable on Sustainable Palm Oil (RSPO). The strongest commitments include ambitious deadlines for cutting suppliers trafficking Conflict Palm Oil by the end of 2015. Companies such as Kellogg Company; Mars Inc.; Mondelez International, Inc.; The Hershey Company; General Mills, Inc.; ConAgra Foods, Inc.; The J.M. Smucker Company; Krispy Kreme Doughnut Corporation; Dunkin' Brands Group, Inc., Grupo Bimbo most recently Unilever have all released strengthened palm oil commitments.

The system-wide transformation toward responsible and sustainable palm oil production has begun, but it will be a long transition and will require constant, vigilant oversight. A number of Snack Food 20 companies have yet to adopt new palm oil policies that meet the benchmarks that RAN and others have set for responsible palm oil production. RAN will publicly expose these laggards—including PepsiCo, the recently merged Kraft-Heinz Company, and global noodle companies Nissin Foods Holdings and Toyo Suisan Kaisha—and engage with each company until they adopt and publish a responsible global palm oil procurement policy with a tight, time-bound implementation plan. We will advocate for each company to demand fully traceable, legally produced palm oil that is made by companies that are not destroying rainforests or carbon-rich peatlands, stealing community lands or violating human and workers' rights.

RAN will continue to raise public awareness of the impacts of conventional palm oil production and scrutiny of some of the world's largest corporations that manufacture popular food brands that contain this controversial ingredient. Working with allies from around the world, RAN will continue to expose supply chains that link Conflict Palm Oil to the corporate manufacturers of foods sold to Americans, focusing on the Snack Food 20. Our public campaign and communication efforts will focus on exposing these laggards that continue to source from bad actors producing Conflict Palm Oil; holding 'front runners' accountable for the commitments they have made; and profiling key regions threatened by the expansion of Conflict Palm Oil, including the Leuser Ecosystem, North Sumatra, Collingwood Bay and to some extent West Kalimantan, Liberia, and Latin America.

Outcome IV:

Finance

International capital, in the form of loans from European, Japanese, U.S., Indonesian, and Australian banks, is a significant source of financing for plantation expansion and associated infrastructure by large palm oil companies. Thus, finance campaigning provides additional leverage to prevent deforestation and additional peatland drainage by their clients.

Banks, particularly international banks, are responsive to reputational risks associated with their credit and underwriting for palm oil expansion. International banks are increasingly sensitive to assessing the climate impacts of their financing in other industrial sectors, with GHG prevention or mitigation assessments required for finance related emissions above 100,000 tons of CO₂. There is little awareness or appreciation, however, of the carbon intensity of palm and pulp

plantation expansion on peatlands. Plantation expansion on as little as 600 hectares of peatlands can contribute to initial emissions above 100,000 tons of CO₂ per year, thresholds used by many banks to trigger enhanced due diligence in the power and manufacturing sectors. As of 2012, peat expansion trends signal a 4 million hectare increase of palm plantations on peatlands occurring between 2020 and 2030, which would bring total palm oil sector peat emissions to approximately 500 million tons of CO₂ per year. These emissions would be in addition to substantial emissions from deforestation and fires.

Critical to this work is strengthening the capacity of local civil society organizations to engage the banking sector in Indonesia and Southeast Asia; and supporting integration of their palm oil company case study work with international finance campaigning networks in Europe, Japan, Australia and the U.S. Well prepared case studies a) enhance bank reputational risks; b) pressure banks to engage with the companies to address these issues; c) drive the adoption of stronger environmental and social performance standards; and d) strengthen due diligence procedures for palm oil sector lending.

RAN will also continue to contribute to building focused BankTrack work on palm oil including: related network communication and coordination capacity; media outreach; wider network member use of case studies and reports; and associated bank engagement; profiling palm oil (and related SE Asian pulp and paper sector) issues as part of its financial sector engagement.

RAN recently completed a major research project which documented all financial loans and services provided to 50 of the world's most important companies linked to tropical deforestation in the palm oil, pulp and paper, and logging sectors. The first round of this research, covering 2010 – 2014, documented over \$50 billion USD in loans and underwriting dominated by a handful of big name banks; and an additional \$50 billion USD in share capital held by institutional investors. The banks and investment funds most active in these sectors are assessed to determine the quality, if any, of safeguard policies that their lending and investment decisions are guided by.

The wealth of data generated by this research provides RAN with important strategic insights in determining which jurisdictions, banks and investors to focus our engagement on. It also provides a library of specific deal-level data that we actively utilize in our engagement with target companies and their financiers.

Throughout our analysis, RAN has focused heavily on Japanese banks, since they are one of the largest sources of international financing to forest-risk commodity companies. The campaign goal is to convince Japanese banks to stop financing irresponsible forest sector clients linked to human and worker rights violations, and environmental destruction.

We think that this goal can be achieved through a combination of private lobbying and public campaign pressure in order to convince banks to introduce sound policies and processes that ensure only responsible forest sector clients are eligible for bank financial services.

Standards & Certification Systems

RAN has built capacity in key regions in Indonesia and Malaysia to gather reliable and robust evidence of grower supply chain links to deforestation, peat expansion and social problems. Using evocative case studies, RAN will continue to shine a spotlight on the issue and raise awareness with key audiences including palm oil suppliers, their consumer-facing customers, government agencies, and financiers.

RAN and other members of the Palm Oil Innovation Group (POIG) will work to demonstrate the market benefits for innovative producers who implement responsible palm oil practices, including but not limited to zero deforestation; refusal to expand on peatlands; and eliminating human and labor rights violations, as outlined in the POIG Charter.

RAN will continue to build support for and contribute to the refinement of the High Carbon Stock Approach for field identification of forest areas and integration with robust High Conservation Value Area assessments and Free, Prior and Informed Consent methodologies with the ultimate aim of their adoption by the Roundtable on Sustainable Palm Oil (RSPO). RAN is a founding member of the High Carbon Stock Approach Steering Group and Executive Committee. RAN will work to expose industry laggards—such as KLK and IOI—as they attempt to weaken the thresholds and working definitions for what constitutes natural forests that should be protected from conversion to new plantations in the implementation of no deforestation commitments. RAN will work with our allies, including with groups that have expertise on labor issues, to drive improvements to the standards and enforcement of compliance in the RSPO certification system. This includes finalizing trial third-party verification of POIG members' operations with the POIG Charter and advocating for the incorporation of a set of indicators developed by the POIG into the newly-proposed RSPO+ voluntary addendum verification module.

RAN will also continue to advocate for members of the Consumer Goods Forum to develop and implement policies with ambitious timelines that will secure traceability in supply chains, increase grower transparency, catalyze wide transformation of grower practices and deliver commodities free of deforestation and human rights violations as rapidly as possible.

Impact of Outcome IV:

Working with Japanese representatives of UN-PRI, in September 2015 RAN co-organized a seminar in Tokyo on forest and finance issues, with expert presentations on illegal logging, palm and pulp sector deforestation and human rights violation risks in SE Asia, enhanced environmental and social due diligence systems for bank financing to forest-risk commodity sectors, and socially responsible investor approaches. Participants came from all major banks; various government agencies; academics; and finance sector-related organizations, with the format allowing for active dialogue on issues. Over the course of this work RAN has had more than 25 meetings with leading Japanese banks, presenting and discussing nearly a dozen company case studies; and holding in-depth discussions on RAN's broader research findings and the steps that should be taken to address deforestation and social conflict risks among their client companies. In addition, RAN has provided substantive input and commentary on Japan's new Corporate Governance Code, drawing particular attention to compliance on issues related to social and environmental issues linked to the forest and land use sectors.

RAN has also worked with progressive institutional investor groups to introduce shareholder resolutions among more than a dozen major consumer brand companies with exposure to conflict palm oil in their supply chains.

The executive committee of the High Carbon Stock Approach released its toolkit for implementing no-deforestation commitments in the field; and RAN has been attending all recent RSPO meetings. Working with labor groups aligned around a joint set of "Free and Fair Labor Principles for the Palm Oil Sector", these issues received a high profile and increased attention by the RSPO Secretariat and membership. RAN is also providing active leadership for the Palm Oil Innovation Group, and the standards that have been developed by POIG have been widely disseminated among palm oil growers, traders and consumer good companies. The POIG palm oil indicator set provides additional guidance that addresses shortcomings in the RSPO standards related to implementing deforestation-free commitments across supply chains.

On the Forest Stewardship Council, RAN has been working to strengthen the quality of audits related to social conflict and customary rights violations of local communities and Indigenous peoples in the pulp and paper sector. This has involved intensive engagement with two leading certification bodies; local community field consultations and documentation; three formal

complaints; participation in four distinct FSC standards revision processes; and presentations at the FSC General Assembly.

Are the outcomes expected to be sustainable?

While a significant number of objectives of this long-term campaign have been achieved, other significant challenges remain in the collective efforts to transform the global palm oil and pulp and paper supply chains. Some of the most significant obstacles include: poor governance and corruption; contradictory laws, bad information, poor data and decentralized government decision making; lack of clarity on community land rights leading to social conflict; the large size, complicated structure and huge power of the largest corporations involved in forest conversion; links between political campaigns and pulp, paper and palm oil industries and consequent resistance to reform by Ministries of Forestry and Agriculture, DPR and others; unconstrained financing of forest-risk commodity production with adverse social and environmental impacts; lack of coordination among civil society (especially coordination between groups focused on transparency and rights issues and groups focused on conservation and activism); and lack of clarity about the extent to which lands can be swapped and opportunity costs can be offset equitably.

2.7 Cross cutting concerns.

Consumer brands put their reputations at risk when they fail to eliminate social conflict and human rights violations, which are often closely correlated with corruption and poor forest governance, from their supply chains. RAN has worked closely with Indonesian allies to track and document human rights violations as they occur and to train local NGOs and community members to document them themselves. In documenting and addressing human rights violations and working with local communities, RAN is sensitive to the importance of gender issues. Recognizing that female-bodied people often experience more significant oppression and negative impacts of corrupt industries, RAN through our analysis has documented with consent and proposed remedies taking into account the experiences and needs of both male and female-bodied community members. RAN has brought these case studies to the attention of consumer brand companies, many of whom are U.S.-based, through diverse media and communication channels, shareholder action and direct engagement. Free, Prior and Informed Consent is a core principle in RAN's policy recommendations to companies, and for palm oil policies, the elimination of forced and child labor and associated trafficking is also a core policy recommendation. Once companies respond, engage, and adopt leading policy language on human rights, they are encouraged to undertake advocacy and support broader industry-wide and governmental remedies that address the root-underpinning drivers of deforestation, climate change, and human rights violations. In addition to the impact with consumer companies, the process of investigating human rights violations and working closely with communities to train them in documenting their own stories and asserting their rights has brought wider attention to their situation through other channels and helped build support for resolution in otherwise little-known and poorly publicized cases.

2.9 Lessons learned. Give a short description of lessons learned during the year in question. For final report, please summarize lessons learned for the whole agreement period.

Refining the Approach to Conflict Resolution Negotiations:

The NGO coalition monitoring and reforming the pulp and paper sector is reflecting on its experiences in supporting communities to resolve conflicts with APP; the changes in the Ministry of Environment and Forestry since Jokowi's election. The coalition is rethinking our approach to conflict resolution and the most effective way for communities to secure land claims; and remedy for past harm. In the cases where coalition members have been supporting communities that have reached agreement with APP (Senyerang - Jambi, Datuk Rajo Melayu - Riau, Menamang Kiri

- Kalimantan Timur), the power imbalance between communities and the company continues to leave communities at a disadvantage. In negotiations, companies have been able to get communities to accept settlements that significantly reduce the areas claimed by communities and put forward for community management and control. APP and suppliers have been successful in substituting the *kemitraan* model - where there is continued growth of acacia on areas claimed by communities, but with a small percentage of the income from those areas being paid out to communities – for communities’ preferred option of controlling and managing the areas themselves. Over the past year, the Ministry of Environment and Forestry established a grievance mechanism and conflict resolution unit; and instructed pulp and paper companies to report on and allocate resources to addressing conflicts. These new developments reflect a more conducive and sympathetic attitude toward land tenure issues and a new opportunity for communities to engage government to receive redress for past harm. To support communities to resolve land conflicts and secure rights, the NGO coalition will inform communities about opportunities to go to the government with their claims and work with them to identify the most strategic approach, whether it be direct negotiations with companies and/or government, for achieving community objectives.

Focusing Paper Buyers on Implementing their Sustainability Commitments and Getting Results on the Ground:

One of the challenges in maintaining leverage on APP and APRIL to change practices to get tangible improvements for communities and the environment on the ground has been generating focused, sustained scrutiny and pressure on securing key outcomes from paper customers. NGOs have been successful in profiling a particular issue or problem with customers - such as the murder of Indra Pelani or natural forest clearing by Adindo – urging them to take action or apply pressure. However, NGOs continue to lead in identifying issues and pushing for action, rather than the paper buyers themselves consistently and systematically implementing their own purchasing commitments by monitoring progress and requiring action from their suppliers. One reason for this is the lack of a shared set of clear, outcome-based performance requirements that can be monitored and verified by paper customers. In light of this, RAN has amended our strategy to include the development of such a performance standard and verification approach that can be adopted by paper buyers. The tool will also serve to shift more responsibility for sustained monitoring and implementation of social and environmental commitments on the ground, onto buyers.

The need for incentives and alternative livelihoods that assist in securing community-lead forest protection efforts at the district and provincial level:

RAN has observed that securing a moratorium via corporate voluntary policy commitments is hard to translate into real outcomes on the ground without incentives being provided to local communities, civil society and governments.

The need for a governing body to oversee an agreed and credible approach to implementing no deforestation commitments:

During 2015, RAN and other NGOs and commodity producers and traders worked tirelessly to establish the High Carbon Stock Steering Group. This governing body is playing a critical role in overseeing the implementation of policy commitments to ending deforestation in a number of forest biomes and commodity supply chains. The methodology used to implement such commitment is called the High Carbon Stock (HCS) Approach. A number of industry laggards, including KLK and IOI group, have tried to undermine global efforts to halt deforestation via the development of an alternative methodology for palm oil development, called the High Carbon Stock Study, which would permit more forest clearance under the 'no deforestation banner'. It has been critical for NGOs such as RAN to maintain oversight of the approaches used by major palm oil traders and pulp companies.

Project's accounts for last 3-years:

4.1 The accounts must relate to the approved budget for the year in question. All deviations (positive and/ or negative) must be clearly shown and explained.

Attachment: Audited accounts and completed form from the accountant for last year's accounts. Only after a contract expires should unspent funds be returned to Norad.

Date: 6/01/2016

A handwritten signature in black ink, appearing to read "Angel Casady". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Signature