



## Forest Carbon Partnership Facility (FCPF) Carbon Fund

### Emission Reductions Program Idea Note (ER-PIN)

Country: Republic of Indonesia

ER Program Name: Indonesia District Level REDD+ ER Program

Date of Submission or Revision: 5 September, 2014



#### **Disclaimer**

*The World Bank does not guarantee the accuracy of the data included in the Emission Reductions Program Idea Note (ER-PIN) submitted by a REDD Country Participant and accepts no responsibility whatsoever for any consequence of their use. The boundaries, colors, denominations, and other information shown on any map in the ER-PIN do not imply on the part of the World Bank any judgment on the legal status of any territory or the endorsement or acceptance of such boundaries.*



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September, 12 2014

Ref : S. 357/VIII/P3 PIK-3/2014

Mr. Rodrigo A. Chaves  
Country Director World Bank  
Jakarta

Dear Mr. Chaves,

**Subject: Submission of Emission Reductions Program Idea Note (ER-PIN)-FCPF**

We are happy to inform you that we have concluded the development of ER-PIN document, and therefore we herewith attach a letter from Secretary General, Ministry of Forestry of Republic of Indonesia to formally submit the proposal of Indonesian ER-PIN.

We thank you for your attention and cooperation, and we are looking forward to having further collaboration.



Sincerely Yours,

Dr. Kirsianti K Ginoga

Cc.

1. Hadi Daryanto, Secretary General-Ministry of Forestry of Republic Indonesia
2. San Afri Awang, Director General FORDA- Ministry of Forestry of Republic Indonesia
3. Agus Sari, Deputy Chair on Planning and Funding at REDD+Management Agency
4. FCPF Secretariat World Bank Washington DC



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Jakarta, September 10, 2014

Ref. No. : S. 547 / J-UM / 2014

Facility Management Team  
Forest Carbon Partnership Facility,  
1818 HST NVV Washington DC  
20433, USA

Dear Sir/Madam,

**Subject : The Submission of Indonesian ER-PIN**

On behalf of Indonesian Government and following up the submission of Indonesian ER-PIN through email, the Ministry of Forestry as the managing agency for emission reduction programs for FCPF Carbon Fund would like to formally submit the ER-PIN.

The ER-PIN has been co-developed by Centre for Climate Change and Forest Policy Research and Development (Puspijak) of Forestry Research and Development Agency (FORDA) – Ministry of Forestry, Centre for Standardisation and Environment (Pustanling) – Ministry of Forestry, and National REDD+ Management Agency (BP REDD+). The development process was supported by many stakeholders such as central and local government agencies, and national and local NGOs.

Should you have any queries, please kindly contact Prof. San Afri Awang of FORDA at [awangzaza02@gmail.com](mailto:awangzaza02@gmail.com) and Dr. Kirsianti L. Ginoga of Puspijak at [kginoga@indo.net.id](mailto:kginoga@indo.net.id) as the contact persons for Indonesian ER-PIN.

Thank you for your attention and cooperation, and we are looking forward to hearing from you soon.

Sincerely Yours,



Dr. Hadi Daryanto, DEA  
Secretary General  
Ministry of Forestry of Republic of Indonesia

Cc. :  
Deputi Bidang Perencanaan dan Pendanaan-BP REDD+

Guidelines:

1. The FCPF Carbon Fund will deliver Emission Reductions (ERs) from activities that reduce emissions from deforestation and forest degradation, conserve forests, promote the sustainable management of forests, and enhance forest carbon stocks in developing countries (REDD+) to the Carbon Fund Participants.
2. A REDD Country Participant interested in proposing an ER Program to the Carbon Fund should refer to the selection criteria included in the Carbon Fund Issues Note available on the FCPF website ([www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)) and to further guidance that may be communicated by the FCPF Facility Management Team (FMT) over time.
3. ER Programs shall come from FCPF REDD Country Participants that have signed their Readiness Preparation Grant Agreement, using this ER Program Idea Note ('ER-PIN') template.
4. The completed ER-PIN should ideally not exceed 40 pages in length (including maps, data tables, etc.). If additional information is required, the FCPF FMT will request it.
5. Please submit the completed ER-PIN to: 1) the World Bank Country Director for your country; and 2) the FCPF FMT ([fcpfsecretariat@worldbank.org](mailto:fcpfsecretariat@worldbank.org)).
6. As per Resolution CFM/4/2012/1 the Carbon Fund Participants' decision whether to include the ER-PIN in the pipeline will be based on the following criteria:
  - i. **Progress towards Readiness:** The Emission Reductions Program (ER Program) must be located in a REDD Country Participant that has signed a Readiness Preparation grant agreement (or the equivalent) with a Delivery Partner under the Readiness Fund, and that has prepared a reasonable and credible timeline to submit a Readiness Package to the Participants Committee;
  - ii. **Political commitment:** The REDD Country Participant demonstrates a high-level and cross-sectoral political commitment to the ER Program, and to implementing REDD+;
  - iii. **Methodological Framework:** The ER Program must be consistent with the emerging Methodological Framework, including the PC's guiding principles on the methodological framework;
  - iv. **Scale:** The ER Program will be implemented either at the national level or at a significant sub-national scale, and generate a large volume of Emission Reductions;
  - v. **Technical soundness:** All the sections of the ER-PIN template are adequately addressed;
  - vi. **Non-carbon benefits:** The ER Program will generate substantial non-carbon benefits; and
  - vii. **Diversity and learning value:** The ER Program contains innovative features, such that its inclusion in the portfolio would add diversity and generate learning value for the Carbon Fund.

## 1. Entity responsible for the management of the proposed ER Program

### 1.1 Entity responsible for the management of the proposed ER Program

Please provide the contact information for the institution and individual responsible for proposing and coordinating the proposed ER Program.

<b>Name of managing entity</b>	Forestry Research and Development Agency of the Ministry of Forestry
<b>Type and description of organization</b>	<p>The Forestry Research and Development Agency (FORDA) of the Ministry of Forestry is responsible for conducting forestry research and development activities as well as providing scientific information and technology to support the implementation of sustainable forest management. The agency's vision is to be the leading forestry research and development agency in supporting state of the art science and technology for sustainable forest management practices and people's welfare. Its mission is to improve the quality and application of forestry science and technology in decision-making processes and forestry development activities.</p> <p>The Center for Climate Change and Forest Policy Research and Development is a Directorate of FORDA. Its tasks include research on climate change policy and the implementation of REDD+ programs, including Indonesia's FCPF Readiness program.</p>
<b>Main contact person</b>	<ul style="list-style-type: none"> <li>• Prof. San Afri Awang</li> <li>• Dr. Kirsfianti Ginoga</li> </ul>
<b>Title</b>	<ul style="list-style-type: none"> <li>• DG of FORDA</li> <li>• Director, Center for Climate Change and Forest Policy Research and Development of FORDA</li> </ul>
<b>Address</b>	Jalan Gunung Batu No. 5, Bogor, West Java – Indonesia, 16118
<b>Telephone</b>	+62-251-8633944
<b>Email</b>	<ul style="list-style-type: none"> <li>• <a href="mailto:awangzaza02@gmail.com">awangzaza02@gmail.com</a></li> <li>• <a href="mailto:kginoga@indo.net.id">kginoga@indo.net.id</a></li> </ul>
<b>Website</b>	<a href="http://www.puspijak.org">http://www.puspijak.org</a>

### 1.2 List of existing partner agencies and organizations involved in the proposed ER Program

Please list existing partner agencies and organizations involved in the development of the proposed ER Program or that have executive functions in financing, implementing, coordinating and controlling activities that are part of the proposed ER Program. Add rows as necessary.

Central Governmental Agencies		
Name of partner	Contact name, telephone and email	Core capacity and role in the proposed ER Program
Ministry of Forestry:		
<ul style="list-style-type: none"> <li>• Secretariat General</li> </ul>	Dr. Hadi Daryanto, Secretary General of the Ministry of Forestry	Formal submission of carbon fund documents, on behalf of Government of Indonesia
<ul style="list-style-type: none"> <li>• DG of Planning</li> </ul>	Directorate for Management and Preparation of Forest Area Use	Management of the ER Program within state forest land together with FORDA
Ministry of National Development Planning	Basah Hernowo, Director, Forestry and Watershed	Coordination, especially of KPH investment.



(Bappenas)	Conservation +6221 392 6254 ext . 2209. <a href="mailto:basah@bappenas.go.id">basah@bappenas.go.id</a>	
Ministry of Finance	Centre for Climate Change Funding and Multilateral Cooperation	Approval of funding, distribution of benefits.
Ministry of Home Affairs	TBC	Supporting the development of KPH's institutional arrangements and the management of 7 districts; supporting the benefit sharing mechanism
Ministry of the Environment	TBC	Providing the national system for MRV
<b>Local Governmental Agencies</b>		
Forest Service of Central Sulawesi	H. Nahardi, Head of Provincial Forest Service, <a href="mailto:h.nahardi@yahoo.com">h.nahardi@yahoo.com</a> +6281341067111	Coordination of district-level programs.
Bungo District	Iman Budisetiawan, Bungo REDD+ Work Group <a href="mailto:iman_budisetiawan@yahoo.com">iman_budisetiawan@yahoo.com</a> +628127865443	Coordination of district-level programs.
Government of Tolitoli District	Hi. Nurdin, Area Secretary of Tolitoli	Coordination of district-level programs.
Government of Berau District	Suparno Kasim, Area Secretary of Berau, <a href="mailto:suparnokasim@gmail.com">suparnokasim@gmail.com</a> +628115407199	Coordination of district-level programs.
Planning Agency of Kutai Barat District	Agus Afifuddin, Head of Economic Section, <a href="mailto:gusfiff_kbr@yahoo.co.id">gusfiff_kbr@yahoo.co.id</a> +6281347915222	Coordination of district-level programs.
Environmental Agency of Central Kalimantan Province	Mursyid Marsono, Head of the Environmental Agency, Head of REDD+ Joint Secretariat	Coordination of provincial level Programs
Government of Kapuas District	Yan Hendri Ale, BAPPEDA Kapuas <a href="mailto:yanhendriale@yahoo.id">yanhendriale@yahoo.id</a> +6281251371222	Coordination of district-level programs.
Government of Merangin District	Nana Supriyatna, BAPPEDA, Merangin <a href="mailto:ragilns@gmail.com">ragilns@gmail.com</a> +6281278100610	Coordination of district-level programs.
Dinas Kehutanan dan Perkebunan Kab. Donggala	Anhar, Kepala Dinas Kehutanan dan Perkebunan Kab. Donggala, Jl. G. Bale Donggala (0457) 71484 <a href="mailto:kifposo@yahoo.com">kifposo@yahoo.com</a>	
<b>Non-Governmental Partners</b>		
East Kalimantan Climate Change Council (DDPI)	Daddy Ruhayat, Managing Director	Coordination of Provincial level program
WWF Indonesia	Zulfira Warta, REDD+ Project Coordinator, WWF Indonesia, <a href="mailto:zwarta@wwf.or.id">zwarta@wwf.or.id</a> , +628121250127	Implementing partner for Kutai Barat district
The Nature Conservancy (TNC)	Saipul Rahman, Berau Program	Implementation of Berau Forest Carbon

	Senior Manager, +62 811 1637846, <a href="mailto:srahman@tnc.org">srahman@tnc.org</a>	Partnership.
Forests and Climate Change Program (FORCLIME) Program of the German Federal Ministry for Economic Cooperation and Development (BMZ)	Rolf Krezdorn, Program Director, <a href="mailto:rolf.krezdorn@giz.de">rolf.krezdorn@giz.de</a>	Implementing partner for Berau district (tbc)
National Forestry Council (DKN)	Endro Siswoko, Chair, <a href="mailto:endro.siswoko@yahoo.com">endro.siswoko@yahoo.com</a>	Guidance and leadership for multi-stakeholder participatory processes at the national, province, and district levels (tbc)
Fauna and Flora International (FFI)	Darmawan Liswanto, Program Director, +62-21-7800-981	Implementing partner for Merangin district (tbc)
United Nations Development Program, UNDP	<a href="mailto:registry.id@undp.org">registry.id@undp.org</a> +62-21-3141308	Implementation partner for REDD+ Agency funding
<b>Additional CSO partners, including community groups and representatives.</b> Below is a preliminary list of key local partners for each participating district. Further selection and confirmation of local partners will be carried out during the Program Design Phase.		
<b>Donggala</b>	Relawan untuk Orang dan Alam (ROA), Yayasan Merah Putih, Jambata, Lore Lindu National Park, Strengthening Community-Based Forest and Watershed Management Program (SCBFWM), YPM, The Ngata Toro Customary Women's Organization (OPANT), KARSA Institute	
<b>Tolitoli</b>	Lore Lindu National Park, SCBFWM, YPM, AMAN, OPANT, KARSA Institute	
<b>Berau</b>	TNC, FORCLIME, Center for International Forestry Research (CIFOR), TBI, Local NGOs (incl. MENAPAK, BESTARI, YAKOBI, KANOPI, LIKOS), Kerima' Puri, Kelay Village Forum, Nemdoh Nemkay, Makmur Jaya II Farmer's Group, JALA, Forest Concession companies (incl. Rizki, Karya Lestari, Inhutani).	
<b>Kutai Barat</b>	WWF, Impact Reducing Emission from Deforestation and Degradation (IREDD), Tropical Forest Conservation Act (TFCA II)	
<b>Kapuas</b>	Kalimantan Forest Carbon Partnership (KFCP), Kapuas Customary Dayak Council, Tahanjungan Tarung Foundation, Petak Danum Foundation, Inter Village Communication Forum	
<b>Merangin</b>	The Indonesian Conservation Community (WARSI), FFI, World Agroforestry Center (ICRAF), Millenium Challenge Corporation (MCC)	
<b>Bungo</b>	WARSI, ICRAF, Sumatra Independent Civil Society Association (SSS)	

## 2. Authorization by the National REDD+ focal point

*Please provide the contact information for the institution and individual who serve as the national REDD+ Focal Point and endorses the proposed ER Program, or with whom discussions are underway*

<b>Name of entity</b>	Badan Pengelola (BP) REDD+ (REDD+ Agency)
<b>Main contact person</b>	Dr. Agus P. Sari
<b>Title</b>	Deputy of Indonesia REDD+ Agency
<b>Address</b>	Jalan Juanda No. 56, Central Jakarta, 11020 Jakarta, Indonesia
<b>Telephone</b>	+62-2134835414
<b>Email</b>	<a href="mailto:a.sari@bpredd.go.id">a.sari@bpredd.go.id</a>
<b>Website</b>	<a href="http://www.reddplus.org">www.reddplus.org</a>

## **2.1 Endorsement of the proposed ER Program by the national government**

*Please provide the written approval for the proposed ER Program by the REDD Country Participant's authorized representative (to be attached to this ER-PIN). Please explain if the national procedures for the endorsement of the Program by the national government REDD+ focal point and/or other relevant government agencies have been finalized or are still likely to change, and how this might affect the status of the attached written approval. ER Program) must be located in a REDD Country Participant that has signed a Readiness Preparation grant agreement (or the equivalent) with a Delivery Partner under the Readiness Fund, and that has prepared a reasonable and credible timeline to submit a Readiness Package to the Participants Committee*

In addition to the required letter of endorsement from the national government, the ER Program has the written endorsement of key representatives from the 7 participating districts. Copies of the letters are in the Annex.

Indonesia has signed a Readiness Preparation grant agreement under the FCPF Readiness Fund and submitted an updated Mid-Term Progress Report with a request for additional funding in 2014. Indonesia is expected to submit the Readiness Package to the Participants Committee by the end of 2015.

## **2.2 Political commitment**

*Please describe the political commitment to the ER Program, including the level of support within the government and whether a cross-sectoral commitment exists to the ER Program and to REDD+ in general.*

Governmental support for REDD+ comes from multiple levels that include the office of the President, the Coordinating Ministry of National Development Planning (Bappenas), and the key line ministries. The President of Indonesia has made high-level international statements that commit Indonesia to a path to reduce emissions of greenhouse gases, and government documents and actions recognize that REDD+ will need to play a central role. Since COP13 in Bali in 2007, Indonesia has participated in the FCPF Readiness Fund, the UN-REDD Program, the Forest Investment Program, and in 2010 entered into a bilateral agreement with the Government of Norway on "Cooperation on Reducing GHG Emissions from Deforestation and Forest Degradation". In September 2013, President Yudhoyono signed presidential regulation No. 62/2013 on the establishment of a REDD+ Agency, as part of the partnership with Norway. The REDD+ Agency reports directly to the President and is tasked with helping the President in coordinating, synchronizing, planning, facilitating, managing, monitoring, overseeing, and controlling REDD+ in Indonesia.

REDD+ Readiness is being led by the Ministry of Forestry, will be coordinated by the REDD+ Agency, and is supported by a number of other ministries. The Ministry of Forestry is leading Indonesia's FCPF Readiness Program as well as the Forest Investment Program, and is implementing key forest governance reforms linked to REDD+ readiness. The National Forest Monitoring System of the Ministry of Forestry was launched in October 2012 (details can be seen at: <http://nfms.dephut.go.id/>). The Ministry of Environment hosts the National Inventory System. Bappenas is playing a coordinating role and has sponsored the development of National and Regional Action Plans to reduce GHG emissions, and is leading efforts to integrate green development concepts into national development planning.

In addition to the formal REDD+ initiatives, GOI is implementing reforms to address underlying drivers of deforestation that are integral parts of the proposed ER Program. The Ministry of Forestry is in the process of implementing reforms in forest governance that will provide a key framework for REDD+ implementation in general and for the proposed ER Program specifically. Further, reforms linked to



land rights also address key underlying drivers of deforestation and will be critical for the proposed ER Program. These reforms are rooted in multi-stakeholder governance processes.

Indonesia has been engaged with the Carbon Fund from an early stage. Representatives of Indonesia presented at the CF2 and again at the CF7, introducing the concept of a jurisdictional REDD+ approach, which is a key pillar of the proposed ER Program. Upon completion of the CF's Methodological Framework, Indonesia requested an assessment of the strategic fit of the CF with Indonesia's current REDD+ landscape, the findings of which helped in the design of the current proposal. An earlier version of the current proposal was presented informally at the CF10.

The selection of participating districts was in large part based on commitment from the local governments for REDD+ and for participating in the proposed CF Program. The chosen districts have integrated REDD+ into their long term development plans (RPJMD), have allocated part of their local budgets (APBD) and/or part of their share of the national budget (APBN) for REDD+ related activities, and/or have developed local regulations in support of REDD+. In addition to the required letter of endorsement from the national government, letters of endorsement from the 7 participating districts are included in the Annex.

### 3. STRATEGIC CONTEXT AND RATIONALE FOR THE ER PROGRAM

#### 3.1 Brief summary of major achievements of readiness activities in country thus far

*Please briefly provide an update on REDD+ readiness activities, using the component categories of the R-PP as a guide. If public information is available on this progress, please refer to this information and provide a link.*

Indonesia is a strategically important country for REDD+, and has made significant progress toward REDD+ readiness. REDD+ is seen as a stimulus for achieving sustainable forest management and for improving the livelihoods of people surrounding the forests. The country has been an active participant in REDD+ dialogues since 2007, and has participated in a number of REDD+ programs, including the Indonesia Forest Climate Alliance, the FCPF Readiness Fund, the UN-REDD program, the Norway-Indonesia Forest Partnership, and the Forest Investment Plan, as well as numerous other bilateral and private sector initiatives. Over the past years, the Government of Indonesia has carried out significant programs working toward REDD+ readiness, partly with a view to participating in performance based REDD+ schemes such as that offered by the Carbon Fund. Significant progress has been made in developing REDD+ Readiness plans and strategies as well as in the development of REDD+ safeguards approaches and a Measurement Reporting and Verification (MRV) framework.

In spite of this progress, challenges remain before full-scale performance-based REDD+ schemes can be implemented. The Carbon Fund program for Indonesia presents an opportunity for building on Indonesia's progress so far, and for piloting subnational REDD+ arrangements. These will need to be designed in a way that supports ongoing reforms linked to addressing underlying drivers of deforestation. As recognized by REDD+ strategies, many of the underlying drivers of deforestation are linked to weak forest governance and unclear land rights in some areas, which also are an obstacle to the successful implementation of performance based REDD+ schemes. Reforms in these areas are progressing, and this presents both challenges and opportunities for the Carbon Fund.

#### REDD+ Readiness Plans and Strategies

Since the UNFCCC COP 13 meeting in Bali in 2007, Indonesia has prioritized climate change planning and action. In 2009, the President announced a commitment to reduce GHG emissions nationwide by at least 26 percent below business as usual levels by 2020. National strategies and action plans

recognize that land-use change and forestry activities are the main sources of Indonesia's emissions, accounting for 84 per cent of Indonesia's total emissions.

The GOI developed a National Action Plan to Reduce GHG Emissions (Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca, or RAN GRK), the umbrella plan to reduce emissions in accordance with Indonesia's 26% / 41% commitment, issued by presidential decree in September 2011 (Perpres No. 61/2011). The plan targets six sectors: agriculture, forestry and peatland, energy and transportation, industry, waste management, and other supporting activities. The plan identifies the emissions reduction targets for each sector, proposes activities and objectives within each of these sectors, and identifies the line ministry responsible for each activity. The RAN GRK is implemented by Ministerial level agencies. At the sub-national level the Regional Action Plans to Reduce Green House Gases (RAD GRK) are implemented by provincial governments.

REDD+ is an important component of the RAN GRK and six relevant strategies are identified: (i) reduce deforestation and forest degradation to reduce GHG emissions; (ii) increase forest plantation areas to improve GHG absorption; (iii) enhance the protection of forest from fires and illegal logging, and improve Sustainable Forest Management; (iv) improve water and watershed management and stabilize the water levels in peat areas; (v) optimize land and water resources; and (vi) apply land management technology and agricultural cultivation with low emissions and optimal absorption of CO<sub>2</sub>.

The National REDD+ Strategy aims to ensure that forests are a net carbon sink by 2030. The Strategy was presented at the Rio+20 Conference, and was officially adopted in September 2012. It consists of five main pillars: (i) Development of a REDD+ Agency, an MRV institution and a Funding instrument; (ii) Legal and regulatory reform; (iii) Paradigm shift and work culture change; (iv) Participatory process; (v) Strategic programs to create changes in the preconditions for effective implementation. The overall objectives of the strategy are: (i) to improve overall forest and land governance as a precondition for sustainable forest management; (ii) to implement sustainable forest and land use management; and (iii) to realize the carbon and co-benefits of the sustainable forests and land use system. The Strategy will be implemented in a stage-wise approach, with the target of having all system components in place at the end of the third year of implementation.

Strategy and Action Plans at Provincial Level (SRAP) are being developed for 11 priority provinces: East Kalimantan, West Papua, Papua, Jambi, West Sumatra, Riau, South Sumatra, West Kalimantan, Central Kalimantan, Central Sulawesi and Aceh. A Strategy Working Group, under the REDD+ Task Force, facilitates the development process and provides technical guidance for the substance of the SRAP documents. Current and future work related to SRAPs is continued by the REDD+ Agency. SRAP development follows an approach that has been agreed to by delegates of the 11 priority provinces. This approach requires that SRAPs are aligned with the National REDD+ Strategy, are developed through a multi stakeholder process involving district stakeholders, and address the three sub-programmatic questions: (i) what are the enabling conditions for the REDD+ program to be implemented; (ii) what are the problems that need to be resolved; and (iii) what are long-term benefits for the communities and can they be realized. By the end of December 2013 five provinces had completed and submitted their SRAP to the National REDD+ Task Force. An additional 2 provinces, Central Kalimantan and Central Sulawesi, have supported the SRAP with provincial regulations.

To date 5 of the 11 provinces and 29 districts have signed an MoU with the REDD+ Agency indicating their commitment to REDD+ implementation. The 5 provinces consist of Central Kalimantan, East Kalimantan, West Sumatra, Central Sulawesi and Jambi.

### Status of REDD+ Safeguards, and the Monitoring Reporting and Verification framework

The development of REDD+ safeguards in Indonesia is proceeding through two main initiatives that both started in early 2011 and that are running in parallel. The REDD+ Task Force has developed Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI), consisting of 10 governance, social, and environmental safeguard principles. PRISAI's principles are based on UNFCCC guidance, and translate the safeguards approach from the Cancun Agreement into the Indonesian context. This work is continued by the REDD+ Agency. Concurrently, the Ministry of Forestry, with the support of FCPF and GIZ, is developing a Safeguards Information System for REDD+ (SIS REDD+), which includes the SESA and ESMF as well as PRISAI. The two initiatives serve different purposes, but have the potential to be integrated. The SIS builds on existing safeguards systems and was tested in Central Kalimantan and East Kalimantan provinces. A web-based information system is under development for the integration of the SIS.

Significant progress has been made in developing a national Reference Emission Level, but some need for improvement and further development remains. The Ministry of Forestry has established a robust methodology and extensive products quantifying Indonesia's forest resources. Data sets document land cover and land use from 1990 to the present, and can be used to quantify land dynamics across Indonesia. Further, the REDD+ Task Force has developed draft RELs for 11 provinces (these have not been officially adopted and the work still needs to be harmonized with the RAN-GRK and RAD-GRK).

An MRV design document has been prepared, and is under consultation with stakeholders. The system will rely on the existing forest inventory and carbon accounting system. The Ministry of Forestry has led a series of capacity building activities on MRV at the national and sub-national levels, in addition to leading the establishment of almost 200 permanent sample plots throughout the country. In addition an early stage of a National Forest Monitoring System (NFMS) has been launched for further communication and feedback (<http://nfms.dephut.go.id/>).<sup>1</sup>

### Status of the forest and land governance framework

Reforms in the areas of forest governance and land rights are critical for improving forest management, for improving social benefits, and for the successful implementation of performance based REDD+ programs. The National REDD+ Strategy and supporting province-level action plans recognize the importance of addressing underlying drivers of deforestation, which includes implementing governance reforms. Indonesia is currently undergoing a fundamental reform in forest governance, with the establishment of Forest Management Units (*Kesatuan Pemangkuan Hutan*, or KPH) at the district level. Complementing this, are reforms related to spatial planning and land rights.

The Ministry of Forestry's KPH program aims to address key governance and land issues by fundamentally restructuring the governance of the area designated as state forest land (Kawasan Hutan) at the local level. Under the KPH program, the entire Kawasan Hutan will be divided into separate decentralized management units. KPHs would be responsible for developing, implementing, and overseeing site-level forest governance and management, including enforcing forest regulations.<sup>2</sup>

Two recent constitutional court rulings on the delineation of the Kawasan Hutan provide a window for significant acceleration of forest tenure reform. While the previous definition of the Kawasan Hutan included areas that had been "designated and/or gazetted" as such, a constitutional court decision in 2011 (MK 45) ruled that the definition includes only areas that have been both designated

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<sup>1</sup>Further information on progress in achieving REDD+ readiness in Indonesia is provided in the FCPF Mid-Term Report: <https://forestcarbonpartnership.org/sites/fcp/files/2013/Nov2013/Draft%20MTR-INDONESIA.pdf>

<sup>2</sup>GOI 2012. Indonesia Forest Investment Plan

and gazetted. While the court ruling is unlikely to affect previous decisions on land allocation, it does create significant space for the negotiation of land use between the Ministry of Forestry, district governments, and local communities on areas of the Kawasan Hutan that have not yet been gazetted. As less than 15 million hectares had been gazetted by 2011, this includes the majority of the Kawasan Hutan. Most recently, in May 2013, the constitutional court issued a landmark ruling (MK 35) that excludes adat forests from the Kawasan Hutan. The Ministry of Forestry has established a working group to follow up on this decision, and key activities will include the enactment of implementing regulations, and actions at the local government level to identify adat community claims.

#### Opportunities to build on other REDD+ programs

The CF can build on numerous ongoing REDD+ readiness programs and investments at the subnational level. Carbon Fund payments will be complementary to financing from other sources, such as the government's own budget, bilateral donors, or the private sector. Key funding sources that are concerned with supporting the local implementation of the REDD+ Strategy include Funds for REDD+ in Indonesia (FREDDI, an operational arm of the REDD+ Agency), the FCPF Readiness Program, and the Forest Investment Program. Other key partners are national, local, and international NGOs, as well as donors, that have the capacity to support investment, capacity building, awareness, and other activities related to the implementation of the REDD+ Strategy at the subnational level. To leverage these programs, program development will be closely coordinated with potential partner programs and funding agencies.

### **3.2 Current status of the Readiness Package and estimated date of submission to the FCPF Participants Committee (including the REL/FRL, REDD+ Strategy, national REDD+ monitoring system and ESMF).**

Indonesia's FCPF Readiness Preparation Proposal was endorsed in June 2009, and the FCPF grant was signed in June 2011. Noteworthy results include progress on the SESA, engagement of subnational agencies in the Readiness process, collaboration with the broader public on various readiness issues through workshops and focus group discussions, dissemination of results and strengthening the role of local universities in REDD+ issues. The activities include, among others, facilitating the development of REDD+ frameworks in 13 provinces, strengthening and facilitating REDD+ Working Groups in 3 provinces (Maluku, West Sumatra and South Sumatra) and facilitating the establishment of forest and climate change research and education networks in seven bio-regions. Given the diversity of actors and the small size of the FCPF grant compared to other efforts, these readiness activities are a subset of an overall readiness effort to support the national REDD+ strategy.

As noted above, significant progress has been made in developing a national Reference Emission Level, but some need for improvement and further development remains. An MRV design document has been prepared, and is under consultation with stakeholders. The CF Program will support the piloting of REL and MRV systems at the district level, thereby contributing to the finalization of the national systems.

It is anticipated that the ESMF and the SESA will be completed as part of the FCPF Readiness Package, which is expected by end of 2015. The FCPF Mid-Term Progress Report was approved in December 2013 and an updated Mid-Term Progress Report with a request for additional funds was submitted in 2014. Part of the additional funding would be allocated for supporting the development of the ER-Program Document and for enabling the implementation of the CF Program in the selected districts.

**3.3 Consistency with national REDD+ strategy and other relevant policies***Please describe:*

- a) *How the planned and ongoing activities in the proposed ER Program relate to the variety of proposed interventions in the (emerging) national REDD+ strategy.*
- b) *How the proposed ER Program is strategically relevant for the development and/or implementation of the (emerging) national REDD+ strategy (including policies, national management framework and legislation).*
- c) *How the activities in the proposed ER Program are consistent with national laws and development priorities.*

Indonesia's National REDD+ Strategy and supporting province-level plans are primarily concerned with creating the preconditions for the effective implementation of a REDD+ program. This includes addressing underlying drivers of deforestation, implementing governance reforms, and creating an institutional framework for the implementation of REDD+. The ER program will catalyze the implementation of these activities at the district level by coordinating targeted funding, by providing a framework for collaboration between various partners, and by providing demand for future emissions reductions. The program is expected to catalyze co-investment needed for the implementation of the REDD+ Strategy and applicable action plans in the participating districts. To achieve this, program development will be closely coordinated with potential partner programs and funding agencies. Importantly, ER activities will build on the existing province-level plans.

The district approach is aligned with the current stage of Indonesia's REDD+ readiness process, and provides strategic benefits in the era of decentralization. Indonesia has made significant progress in the development of the national level REDD+ framework, and the critical next step is to finalize and implement province and district-level plans. The jurisdictional approach will be scalable to other districts across Indonesia and will provide valuable experience for the finalization of the national REDD+ framework. Through Indonesia's decentralization process, the districts have received significant governance authority, including authority over key forest management functions and therefore play an integral role in forest governance and in REDD+. This role is receiving increased emphasis through the ongoing development of Forest Management Units, or *Kesatuan Pemangkuan Hutan* (KPH). KPH within forest protection and forest production areas will be under the management of local governments.

By focusing on seven districts, the ER program will generate important lessons for other forest-rich areas, facilitating the adoption of sub-national REDD+ frameworks across Indonesia. Lessons gained from implementing the ER program at the district level will be valuable in finalizing the design of the national REDD+ framework, including the national MRV system, safeguards approaches, and ER registration.

The ER Program will leverage as well as support critical forest governance reforms that are part of the National REDD+ Strategy. The KPH system has the potential to fundamentally improve forest management, including reduced deforestation and degradation and better inclusion of local communities. By implementing the ER program, the KPH management will have tangible incentives to address critical governance issues, including mapping, business management, and community development. Also the ER Program will support ongoing tenure and spatial planning reforms. A key objective of the program is to support ongoing tenure reforms, including the recognition of customary rights to land. This will be through support at the policy level in the districts, as well as through support for mapping, community capacity building, and land registration.



## 4. ER Program location and lifetime

### 4.1 Scale and location of the proposed ER Program

*Please present a description and map of the proposed ER Program location and surrounding areas, and its physiographic significance in relation to the country. Indicate location and boundaries of the proposed ER Program area, e.g., administrative jurisdiction(s).*

Indonesia is proposing a district approach with seven districts (Kabupaten) participating in the ER Program. The districts are Merangin and Bungo from Jambi Province, Kapuas from Central Kalimantan Province, Berau and Kutai Barat from East Kalimantan Province, and Tolitoli and Donggala from Central Sulawesi Province. Together these districts encompass 12.5 million hectares, or roughly 9% of Indonesia's total land area, and are home to around 1.5 million people. The total forest area in the districts is 4.1 million hectares, or approximately 4.5% of Indonesia's total forest cover. Indonesia's forests are known for harboring globally significant levels of biodiversity, and the forests in the Program Area are home to important and endangered flora and fauna. In addition, the area is home to diverse cultural groups, including customary and forest-dwelling communities with rich traditional knowledge and experience in sustainable forest management.

**Table 1: Districts participating in the ER Program**

District	Province	Capitol	Area (ha)	Forest (ha)	Population
Donggala	Central Sulawesi	Banawa	527,569	302,897	287,900
Tolitoli	Central Sulawesi	Tolitoli	4,079,600	202,480	211,296
Berau	East Kalimantan	Tanjung Redeb	3,412,747	1,513,170	140,047
Kutai Barat	East Kalimantan	Sendawar	1,700,000	903,556	165,934
Kapuas	Central Kalimantan	Kuala Kapuas	1,499,900	814,000	329,646
Merangin	Jambi	Bangko	766,861	311,293	333,206
Bungo	Jambi	Muara Bungo	465,900	96,519	303,135
		<b>Total</b>	<b>12,452,577</b>	<b>4,143,915</b>	<b>1.5 million</b>

**Figure 1: Map of Indonesia showing locations of districts participating in the ER Program**



Source: Underlying map from Wikimedia Commons

Indonesia's districts (or *Kabupaten*) present an appropriate scale and governance framework for REDD+ implementation. Indonesia's over 490 districts are the administrative division one step below the provinces in the government hierarchy. Following the implementation of decentralization beginning on 1 January 2001, districts and municipalities have become the key administrative units

responsible for providing most government services. Through their authority over key forest management functions, the districts play an integral role in forest governance and in REDD+.

The selection of the 7 districts was carried out through a series of workshops at the central and district levels between August and September 2014. The selection matches a number of important criteria, including the following:

- Fit with broader REDD+ priorities. The CF Program is supporting the national REDD+ program, and the participating districts will play a key role in piloting subnational REDD+ approaches. For this reason a criterion for selecting districts was existing or planned cooperation with the Ministry of Forestry and the REDD+ Agency. Each of the seven districts has an MOU with the REDD+ Agency, or is in the process of developing one, ensuring that REDD+ readiness investment will be targeted in the Program Area.
- Building on previous REDD+ investments. Each of the selected districts has had a significant REDD+ related program in the past, allowing the CF to build on existing momentum (Table 2).
- Strong civil society engagement. This will be an important factor in allowing the program to address community-level issues and to fully integrate local communities in program design and implementation. The list of potential CSO partners for each district is provided in Section 1.2.
- Commitment from the local government. Local governments will play an important role in coordinating district-level activities and their commitment to REDD+ and the CF Program is important for the success and sustainability of the proposed activities. Local institutions in each of the districts have been identified as focal points for program implementation. Also, local budget allocations support REDD+ related activities.
- Fit of local spatial plans and regulations with REDD+ objectives.
- Existing processes for information sharing and stakeholder engagement. These include mechanisms for involving local communities, including mechanisms for handling stakeholder complaints.
- Progress on developing REDD+ frameworks. This includes progress in developing historical local Reference Emission Levels, progress on and capacity for developing Forest Monitoring Systems, and expertise in measuring emissions (including leakage and reversals).
- Progress related to safeguards, including the adoption of PRISAI or SIS, socialization of REDD+, and support from NGOs and academia for REDD+.
- Progress in spatial planning and KPH implementation, including the development of community forestry schemes.
- Progress in benefit sharing mechanisms, including experience from community-driven development programs, and local regulations to support benefit sharing mechanisms.

**Table 2: Previous REDD+ investments in the participating districts**

District	Previous or Existing REDD+ Investment
Tolitoli and Donggala	Pilot districts for the UNREDD program
Kapuas	Australian funded Kalimantan Forest Carbon Partnership. Located in Indonesia's prime pilot province for REDD+.
Berau	Berau Forest Carbon Partnership, Forest and Climate Program (FORCLIME)
Kutai Barat	WWF Jurisdictional Program, Government conservation programs.
Merangin and Bungo	Development of REL methodologies supported by ICRAF. Existence of a number of exemplary community-based programs on agroforestry and CBFM.

### Biodiversity and people in the Program Area

By spanning three islands, the Program Area encompasses a wide range of biodiversity and cultural groups.

Kalimantan, which includes Berau, Kutai Barat, and Kapuas districts, is known for its rich biodiversity with more than 210 mammal species and up to 15,000 different flowering plants. Borneo's mammals, of which 44 are endemic, include threatened species such as the Borneo orangutan (*Pongo pygmaeus pygmaeus*), the Asian elephant (*Elephantus maximus*), the Borneo clouded leopard (*Neofelis nebulosadiardi*), the Borneo banteng (*Bos javanicus lowi*) and the sun bear (*Helarctos malayanus*). Between 1994 and 2004 at least 361 new species were discovered and new ones are constantly being found. The diversity also extends to the culture, traditions, and languages —over 140 languages are still spoken by the Indigenous Peoples of Kalimantan whose livelihoods often depend on the sustainable management of forest resources.

Kutai Barat is part of the Heart of Borneo (HOB) landscape formalized under the tri-national HOB Agreement in 2008. This is one of the most important natural landscapes on earth and is one of WWF's 35 Priority Ecoregions. It is a center of plant diversity, an endemic bird area, and a crucial habitat for keystone species, including the orangutan. The Sumatran rhino (*Dicerorhinus sumatrensis*) was first discovered in Borneo last year in Kutai Barat.

Sulawesi is part of Wallacea, meaning that it has a mix of both Asian and Australasian species. Sulawesi contains more endemic mammal species than any other island. There are 128 known mammalian species in Sulawesi, 79 of which are endemic. Mammals include the Babirusa (*Babirusa babirusa*), dwarf buffaloes (*Anoa depressicornis*), Cuscus bear (*Ailurops ursinus*) and a variety of tarsier primates. A total of 17 genera of resident birds are endemic to Sulawesi and its surrounding islands. This includes a large number of prominent species, such as the Dark Green Bee-eater, the Brightly colored hornbill, the Crowned Mina, the Finch-billed Starling, and the Maleo.

The forests of Central Sulawesi Province, which includes Donggala and Tolitoli, represent about 64% of the province's total land area. Some 800,000 people live in and around the forest areas, making up 33% of the province's population. Most of the forest dwellers are members of indigenous peoples, including the To Bungku, Mori, Pamona, Wana Taa, To Ondae, To Lage, To Bada, To Napu, To Behoa, To Lindu, To Kulawi, To Gimpu, To Tobaku, To Sigi, To Parigi, To Lauje, Dondo, and Dampelas. These peoples derive numerous benefits from the use and management of their customary forests, including non-timber forest products, such as rattan, medicines, game animals, and fish.

Sumatra has the most mammals (210 species) of any Indonesian island. Sixteen species of mammal are endemic to Sumatra. Sumatra's endemic primate diversity per unit area is unmatched anywhere

on Earth. Eight endemic mammals in Sumatra are listed in the IUCN Red List of Threatened Species and on the Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Sumatra's bird list numbers 582 species, of which 465 are resident and 14 are endemic, making it the second richest biogeographic region for birds in Indonesia after Papua. Jambi province, which includes Bungo and Merangin, is home to a number of protected species such as the Sumatran tiger, and tapir. Bungo district has at least 22 species of mammals from 14 families, and 146 species of birds from 24 families. Jambi is home to the Orang Rimba (People of the Forest) and several other indigenous groups. Bungo and Merangin have significant areas of agroforestry and community based forestry.

#### **4.2 Expected lifetime of the proposed ER Program**

*Please describe over how many months/years the proposed ER Program will be:*

- a) prepared; and*
- b) implemented (including expected start date of the proposed ER Program).*

The proposed ER Program is integrated into Indonesia's broader REDD+ program, which is expected to be active over at least the next 30 years. More specifically, after the CF Program ends in 2020, the REDD+ structures that will have been put in place will enable Indonesia's national REDD+ system to continue purchasing ERs from the participating districts. Current and expected funding for the emerging national REDD+ fund (FREDDI) should allow ER purchases to continue until at least 2030.

The Program Design Phase is expected to begin in October 2014 and to last between 18 and 24 months. This will cover investments in REDD+ readiness such as the finalization of the REL and the MRV system, and the design of the benefit sharing mechanism. It will also cover the initiation of ER activities, including the alignment of implementing partners and funding sources. Implementation of ER activities is expected to begin in 2016 and to continue at least until 2030. MRV and performance based payments from the CF are expected to occur bi-annually, beginning in 2017 until 2020, although the most appropriate schedule will be decided during the design of the MRV system.

#### *October 2014 to June 2016: Program Document Development and REDD+ Investment*

1. Submission of FCPF Readiness Package to FCPF Participants Committee, including REL/FRL, national REDD+ monitoring system, and ESMF
2. Program design needs to be based on public consultation
3. Safeguards Plan
4. Benefit Sharing Plan
5. Assessment of FGRM
6. Land Assessment
7. REDD+ Readiness Investment in program areas and ER Program preparation

#### *June 2016: Submission of FCPF CF Program Document*

#### *June 2016 to 2020: CF Program Implementation*

1. Signing of ERPA
2. ER Program implementation
3. Annual Verification of ERs and performance based payments
4. Transition to other ER payment source

#### *2020 to 2030: Performance based payments from FREDDI and potentially other sources*

A more detailed timeline is included in Section 7.4.

## 5. Description of activities and interventions planned under the proposed ER Program

### 5.1 Analysis of drivers and underlying causes of deforestation and forest degradation, and conservation or enhancement trends

*Please present an analysis of the drivers, underlying causes and agents of deforestation and forest degradation. Also describe any policies and trends that could contribute to conservation and enhancement of carbon stocks. Please distinguish between both the drivers and trends within the boundaries of the proposed ER Program, and any drivers or trends that occur outside the boundaries but are affecting land use, land cover and carbon stocks within the proposed ER Program area. Draw on the analysis produced for your country's Readiness Preparation Proposal (R-PP) and/or Readiness Package (R-Package).*

The GOI divides deforestation into planned and unplanned deforestation. Loss of forest from areas that have been excised from the Kawasan Hutan for the purposes of establishing non-forestry land uses is considered "planned deforestation." Such planned deforestation can be caused by the conversion of forests based on regional spatial plans (RTRW), conversion to other uses such as plantations, as well as mining. Within state forest land, unplanned forest clearance and degradation are triggered by: (i) illegal logging and unsustainable forest management practices; (ii) forest fires; and (iii) weak law enforcement. Planned and unplanned activities that trigger forest clearance and degradation are detailed in Table 3 below. This framework is consistent with the LULUCF sector under the UNFCCC and the conversions between land use classes (GPG 2003<sup>3</sup>, GL-AFOLU 2006<sup>4</sup>).

**Table 3: Planned and Unplanned Causes of Forest Loss and Degradation**

GHG Emission Sources		Causes
Deforestation and Forest loss	Planned	<ol style="list-style-type: none"> <li>1. Expansion of local administrative/governance regions for infrastructure and other uses</li> <li>2. Approved legal forest conversion (based on spatial plans/RTRW)</li> <li>3. Forest conversion on lands reserved for other purposes (APL)</li> <li>4. Forest conversion for mining concessions (e.g., coal, copper, gold, silver, nickel, tin)</li> <li>5. Forest conversion for estate crop plantations (e.g., oil palm, rice, rubber, coffee, cocoa)</li> </ol>
	Unplanned	<ol style="list-style-type: none"> <li>1. Unplanned forest conversion for estate crop plantations (e.g., oil palm, rice, rubber, coffee, cocoa)</li> <li>2. Encroachment for timber, fuel wood, agriculture and small-scale mining</li> <li>3. Uncontrolled forest fires</li> <li>4. Land claims leading to conversion of forest areas</li> </ol>
Forest Degradation	Planned	<ol style="list-style-type: none"> <li>1. Approval of timber utilization permits (concessions) in natural forests (IUPHHK-HA)</li> <li>2. Approval of industrial plantations in natural forests (IUPHHK-HTI)</li> </ol>
	Unplanned	<ol style="list-style-type: none"> <li>1. Timber harvesting outside the annual allowable cut</li> <li>2. Illegal logging</li> <li>3. Forest fires due to natural factors</li> <li>4. Small human-induced forest fires for land clearing</li> </ol>

Adapted from: Indonesia National REDD+ Strategy, 2011

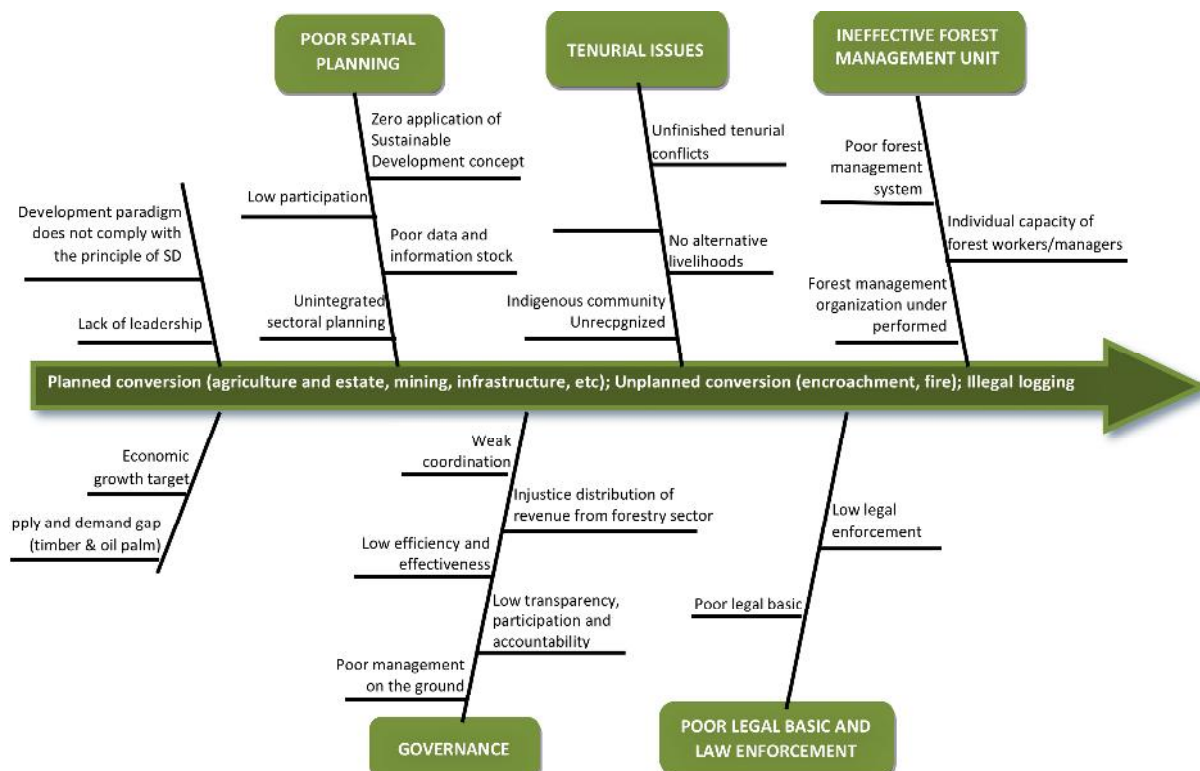
<sup>3</sup> GPG 2003. Good Practice Guidance for LULUCF. IPCC National Greenhouse Gas Inventories Program.

<sup>4</sup> GL-AFOLU 2006. IPCC Guidelines for National GHG Inventories AFOLU. IPCC National Greenhouse Gas Inventories Program.



A public consultation process held by Bappenas in seven regions across Indonesia has identified a number of perceived underlying drivers of deforestation and degradation including: ineffective spatial planning and weak tenure; ineffective forest management; and inadequate governance and law enforcement (Figure 2). These issues are further discussed below.

**Figure 2: Perceived Sources of Deforestation and Forest Degradation**



Source: Bappenas regional consultation, 2010, cited in National REDD+ Strategy

Ineffective spatial planning and weak tenure. Regional Spatial Plan (RTRW) development has been hampered by a lack of accurate data and information and lack of coordinated sectoral development plans. Spatial planning is further impeded by the status of land ownership, lack of demarcation of state forest land boundaries, lack of recognition of customary and local rights to land, and lack of ownership at the local level. This has led to conflict between different land claimants, and underinvestment in long-term sustainable land uses.

Ineffective forest management. Implementation of acceptable forest management practices has been ineffective due to misaligned institutional capacity at the local level, including underfunding and understaffing. Regional governments, which are in charge of managing Protection Forests, have not performed well in this role. Meanwhile, responsibility for the management of Production Forest areas lies largely with concession holders who have acted with little government oversight in the past. However, a decentralized structure for forest management in the form of Forest Management Units (Kesatuan Pengelolaan Hutan, or KPHs) at the district and provincial levels are being created and structured to improve the management of Indonesian forests.

Overlapping Land Claims. Lack of coordination between institutions providing land use licenses has contributed to overlapping land claims and this has contributed to underinvestment in the forestry sector. Overlapping land claims can in part be attributed to lack of clarity in the underlying legal

framework, particularly conflicting implications of law No. 41/1999 regarding forestry and law No. 26/2007 regarding spatial arrangement. Furthermore, different sectoral laws, such as those governing agriculture and mining, need to be aligned and give full consideration to local and forest dependent communities and marginalized groups. Governance issues, including spatial planning, law enforcement, and the tenure framework are key factors leading to significant environmental and social impacts.

## **5.2 Assessment of the major barriers to REDD+**

*Please describe the major barriers that are currently preventing the drivers from being addressed, and/or preventing conservation and carbon stock enhancement from occurring.*

A number of the underlying drivers of deforestation discussed above also present barriers to the implementation of policies, including those that are linked to REDD+.

Stronger governance will be critical to the successful implementation of REDD+. Governance, including institutional capacity and tenure, influences programs that are aimed at improving the forestry sector's environmental and social impacts.

Complex and overlapping regulations related to land use licensing and management contribute to investment costs, impacting the investment climate for sustainable land use. Although an online permit process has been developed (SIPUHH online), some private sector representatives report that the process of receiving land use licenses is still lengthy and complicated. Spatial planning efforts, that could vastly improve the investment climate, including the determination of the Kawasan Hutan boundaries, are hampered by the lack of agreement on a single map, and by a lack of institutional capacity for resolving overlapping land issues.

Spatial planning issues are recognized as a substantial barrier to a productive and sustainable use of a significant portion of the Kawasan Hutan, and reform processes are underway. According to the National Forestry Plan (RKTN), up to 15% of the Kawasan Hutan cannot be effectively used due to ill-defined land use rights and conflicting claims. Lack of clarity over land rights reduces opportunities for local communities to participate in forest and land management and particularly discourages long-term investments in sustainable timber production. Conflict over land and legal uncertainty also significantly raises investment costs for the private sector and this has contributed to a large area of the Kawasan Hutan not being under concession management. In addition, even though some 40 to 60 million people live within the Kawasan Hutan, poor land governance and management currently lower the contributions of the land to economic development, livelihoods, and poverty alleviation.

Lack of clear land rights also creates a challenge for Payments for Environmental Services (PES) programs such as REDD+. There are efforts underway to improve this situation. The development of Benefit Sharing Plans will face challenges linked to the weak land and resource tenure regime, but can also be an opportunity for supporting ongoing reforms, especially through the strategic use of non-carbon benefits.

In some areas, there are significant economic incentives for deforestation that outweigh the incentives that REDD+ payments can provide. Often conversion occurs illegally, in which case law enforcement would be an effective strategy for REDD+. However, in cases where conversion occurs legally, REDD+ may not be able to provide enough incentives to prevent this. A key strategy for dealing with this issue will be identifying and facilitating options for shifting agricultural expansion to degraded areas.

**5.3 Description and justification of planned and ongoing activities under the proposed ER Program**

*Please describe the proposed activities and policy interventions under the proposed ER Program, including those related to governance, and justify how these activities will address the drivers and underlying causes of deforestation and forest degradation and/or support carbon stock enhancement trends, to help overcome the barriers identified above (i.e., how will the ER Program contribute to reversing current less sustainable resource use and/or policy patterns?)*

As the proposed ER Program is envisaged as part of Indonesia's larger national REDD+ initiative, activities will be closely matched to the National REDD+ Strategy and to the REDD+ strategies of the respective provinces. Indonesia is in the process of planning and implementing significant changes in the way forested land is managed, and this has the potential to significantly decrease emissions from deforestation and forest degradation both in itself and by enabling the effective implementation of site-based ER programs. The ER program will support underlying reforms specifically in the areas of forest governance and spatial planning/tenure. Further, the program will build on the resulting opportunities for implementing ER activities, in particular through Forest Management Units (KPH), which should be functional by the time of the ERPA.

The identification of field-level ER activities is less advanced, and will be finalized during the program development phase. A number of districts, such as Berau and Kutai Barat, have detailed programs and partners in place while others will require further work to identify specific activities, partners, and funding. This will involve participative processes at the district level. The REDD+ Agency will play a critical role in this process by coordinating programs from stakeholders, providing capacity building, coordinating potential funding, and being a key source of funding itself.

**Support for local Forest Management Unit Development**

A critical weakness in Indonesia's forest governance framework is the lack of local government capacity to manage land areas. Government capacity to plan, monitor, and manage activities in forestry areas is critical to translating national level policy developments to the local level and to achieving positive outcomes for forests and local communities. This is particularly true for REDD+ with its added technical requirements, such as MRV and benefit sharing.

Prior to the *reformasi* period, the administration of Indonesia's Kawasan Hutan was under the domain of the central Ministry of Forestry (MoFr). As part of the general decentralization process, local forestry agencies- Dinas Kehutanan (Dinas)- were placed under the jurisdiction of district and provincial governments. The Dinas carry out mainly administrative tasks, but they lack the mandate and capacity for effective resource management and law enforcement. Also, while GOI is making significant progress in monitoring license holders and in enforcing regulations in forestry concessions, currently more than half of the area designated as Production Forest, or 49 million ha, is not allocated to license holders.

The introduction of Forest Management Units (KPHs) is intended to improve and further decentralize forest management, increase accountability over forest outcomes, improve local stakeholder involvement, and potentially increase transparency. The KPH program divides state forest land into discrete area units to be managed by dedicated local institutions that are staffed by forestry professionals. A countrywide KPH system is firmly anchored in the forestry legal framework and in forestry development plans.

While forest concession licenses will still be issued by the central Ministry of Forestry, the KPH will be responsible for developing management plans, for overseeing license holders, and for monitoring land use activities, particularly in open access areas not under license. Importantly, KPHs will be part of local government structures, strengthening decentralized forest governance. By placing forestry

professionals at the local and field levels, KPHs will facilitate better law enforcement, improved outreach to local communities, and more structured and localized approaches to addressing land based conflicts and improving local people's access to forests.

Progress in delineating KPH areas has been rapid. By the end of 2011, the GOI had allocated over 56 million ha of state forestland across 25 provinces into 600 discrete KPH areas. According to MoFr's Strategic Plan, at least 120 KPH institutions should be operationalized by 2014. To this end, GOI has allocated a budget that supports KPH institutional development, including training of staff, development of facilities, and development of forest management plans. By end of 2013, 90 KPHs had been established.

The total area covered by the KPHs in the seven districts that are part of the proposed program is around 1.3 million hectares, representing over 10% of the total land area, and including up to 30% of the forest area. Three of the KPHs are located across several districts, which means that strengthening the KPH will have positive impacts beyond the Accounting Area of the ER Program.

**Table 4: KPH Units in the Participating Districts**

District	KPH Unit	Area Covered (ha)
Donggala	KPH Dampelas Tinombo	73,655
	KPH Dolagu Tanggunu	144,329 (18,886 within district)
	KPHP Banawa Lalandu	109,513
Tolitoli	in progress (will be established in 2015)	199,000 (6,813 ha in district)
Berau	KPH Berau Barat	786,021 ha
Kutai Barat	KPHP Meratus	387,488 ha (ca. 64,600 in district)
Kapuas	KPHL	105,370
Merangin	KPH VI (Model KPH)	76,137
Bungo	in progress	Not specified yet
<b>Total</b>	<b>9 units</b>	<b>1,330,000 ha</b>

Most KPH institutions in the 7 participating districts are still in the pre-operational phase and there is an opportunity to support the development of institutional models that are compatible with international standards for good forest governance and REDD+. Institutional strengthening will be aimed at community-focused investments to enhance the enabling conditions for sustainable land use and REDD+ project implementation. Activities will support KPHs and other subnational institutions in improving local conditions for REDD+ implementation, in particular in relation to participatory planning, spatial planning, and community outreach and related management and business plan development. By supporting KPH institutions during the initial phase, the ER Program can provide key inputs to institutional design as well as to forest management and business plans, which will determine forestry practices beyond the lifetime of the Carbon Fund program.

#### Supporting Land Tenure Reform Processes

The National REDD+ Strategy makes tenure a central issue to be addressed, and recent policy developments provide an important entry point for the ER Program to support progress in this area.

The National REDD+ Strategy notes that uncertain land tenure has contributed to the problems of ineffective spatial planning and to unsustainable and uncoordinated land use and development. Land tenure reform and clarification can assist with the development of effective and sustainable programs for alternative, forest-friendly livelihoods, and can help to build support for REDD+ among local and customary communities. Secure land tenure arrangements can increase investment in REDD+ as the

costs of negotiation over land and the likelihood of competing land claims and conflict decline, enhancing the contribution to poverty reduction, timber production, and environmental services.

The ER Program will support positive outcomes of the ongoing tenure reform processes (these are outlined in Section 14). The GOI has opened the way for the development of a tenure framework that is conducive to the protection of forests and peatlands, while promoting sustainable livelihoods and investment. Such an outcome would require a gazettal and spatial planning process that includes full and effective participation of local communities, as well as processes of collaboration involving multiple stakeholders at the national and district levels. Specific investments will include:

- Support to sub-national conflict resolution processes
- Capacity building of local communities to engage in participatory mapping
- Support for finalizing the One Map initiative
- Support for land registration
- Analytical and technical support to local institutions involved in spatial planning and gazettal.

#### ER Site-Based Activities

Specific field-based activities will be guided by the SRAP and other REDD+ strategies of the corresponding province, and will build on the previous activities aimed at governance improvements, as well as on previous and ongoing support for REDD+ in each of the districts. The SRAPs deal mainly with addressing underlying issues and creating enabling conditions for REDD+ in the province but present an important reference point and lay the groundwork for site-based ER activities. The KPHs will be an important entry point for future ER Program activities. Working through the KPH system improves the sustainability of programs, ensures a programmatic approach, and provides scalability.

Overall site-based activities will include:

- Community based activities, including support for community based forest management (CBFM), alternative livelihoods, yield improvements, and capacity building
- Activities related to forest concessions and estate crops, including capacity building for Reduced Impact Logging (RIL), best management practices, support for certification systems, and land swaps.

#### **Berau**

ER activities in Berau will mainly be carried out by The Berau Forest Carbon Program (BFCP). The BFCP is a partnership of KPH Berau Barat, district, provincial and national governments, with participation and support from local communities, The Nature Conservancy, other NGOs, FORCLIME, the private sector, and universities. The program is an integrated, district-scale, low-carbon development strategy to create sustainable economic growth while protecting forests, and critical watersheds. The BFCP was declared a district-scale REDD+ pilot in January 2010 by the Ministry of Forestry.

The program aims to reduce carbon emissions in the district through multiple strategies including community management of forests, reduced impact logging, improved siting of oil palm plantations, and enhanced protection forest management. The program is currently establishing district-wide enabling conditions for REDD+, including improved land use planning, policy reforms at local and national levels, and engagement of a broad range of stakeholders in the program. The Berau Program is the first REDD+ program in Indonesia to span an entire political jurisdiction, making it possible to



systematically address the drivers of land use change and generate lessons for national REDD+ programs.

Future opportunities that would be part of the ER Program in Berau include:

- Developing and testing performance incentives for natural forest logging concessions that implement Reduced Impact Logging practices.
- Replicating a “village green development” methodology in additional villages so that communities will be able to access REDD+ and rural development funding to support sustainable livelihood priorities.
- Developing a sustainable palm oil program in Berau, including support for improved land-use planning, implementation of best practices, and linking of field actions with the ongoing national and international policy dialogues around sustainable oil palm.

### **Kutai Barat**

Kutai Barat’s program started in 2008 with research conducted by the local government, WWF, I-REDD, and local universities. This research covered all modules of REDD+ from MRV and REL development to community empowerment. Some of the project results include the establishment of customary forests (*hutan adat*), micro-hydro power generation, and the draft of the revised spatial plan. Expected ER Activities are as follows:

- Improving best practice management of forest concessions using certification schemes (SVLK, PHPL, FSC, Reduced Impact Logging RIL, HCV). This could be led by the Forest Stewardship Council (FSC) involving WWF’s Global Forest Trade Network (GFTN), and the Indonesian Concessionaires Association (APHI).
- Developing models and implementing land swaps for oil palm estates from high carbon and conservation to low carbon and conservation values and promoting palm oil certification (Indonesian Sustainable Palm Oil or ISPO, and the Roundtable for Sustainable Palm Oil or RSPO). This could be led by the United Nations Environment Programme Finance Initiative (UNEPFI), The Netherlands Development Organization (SNV), and the RSPO.
- Maintaining carbon and High Conservation Values (HCV) in timber plantations through improved management, revision of spatial plans, agreements with companies, HCV monitoring, improved management of HCVF, and training of local government in HCVF monitoring. This would involve Bappeda, SNV, Mulawarman University (Unmul), and GFTN.
- Revision of spatial plans to integrate low carbon development and REDD+ options. The separation of Mahakam from Kutai Barat presents a window of opportunity for improved spatial planning. This could be led by Bappeda involving WWF and consultants.
- Development of information systems on licenses related to land uses. This could be led by WWF involving consultants.
- Strengthening village capacities for inventory, planning, implementation, and monitoring and evaluation to promote sustainable rural development. Mainly for community mapping, land use planning, development planning, and systems for monitoring and evaluation at village level. This could be led by the Kutai Barat government involving WWF and TFCA2
- Protection and restoration of forests in mining concessions. This could be led by WWF Australia involving SNV and UNEPFI.

### **Merangin**

The main direct causes of deforestation in Merangin are land clearing for plantations and development of housing due to population migration. ER activities will likely be focused on:

- Spatial planning, including the improvement of licensing procedures for plantations and mining, and the implementation of Indonesia's One Map Policy
- Improved oversight of plantation and mining activities.
- In addition, ER activities will include programs to address forest and land rehabilitation, and protection and conservation of natural resources.
- Community livelihood programs will include the development of renewable energy schemes.

The activities in Merangin will be implemented in collaboration with various partners including: the World Agroforestry Centre (ICRAF), KKI - WARSI, Flora and Fauna Indonesia (FFI), Lembaga Tiga Beradik (LTB), Purse Sumatra, Village Forest Management Group, and the Institute of Indigenous Forestry, and the CBFM Initiative.

### **Bungo**

Like in most areas of Indonesia, the conversion of natural forests into agriculture and timber plantations is a major cause of deforestation in Bungo district. For this reason, critical proposed activities include improving licensing processes, reviewing existing licenses, and accelerating data synchronization and forest land-use mapping (One Map Initiative). ER activities at the project level will include:

- Supporting community-based forest management practices
- Expanding and strengthening of agroforestry practices
- Development of renewable energy as alternative livelihoods for communities
- Activities linked to forest and land rehabilitation.

The partners to assist in the implementation of the ER Program in Bungo include: KKI WARSI, ICRAF, the Deliberation Forum on Social Forestry, Gerbang Bathin, and the Forest Governance Learning Group.

### **Donggala and Tolitoli**

Central Sulawesi's REDD+ Strategy provides a number of options that are compatible with the ER Program, including: i) Forest and land rehabilitation through planning, capacity building, institutional strengthening and promoting improved technology and research, ii) Improving forest law enforcement, through strengthening law enforcement institutions and community capacity building; and iii) Strengthening local livelihoods through social forestry by providing support for community forestry planning and facilitating community forestry licensing. The ER Program will thus focus on forest rehabilitation and on the empowerment of forest communities to improve their access to sustainable livelihoods. This could include improving community access to non-forested areas, building capacity for sustainable livelihoods including community based forest management and agroforestry.

Key partners in Donggala and Tolitoli are: Lore Lindu National Park, SCBFWM, NORAD, YPM, AMAN, The Ngata Toro Customary Women's Organization (OPANT), KARSA Institute, and the Customary Land Registration Agency (BRWA).

### **Kapuas in Central Kalimantan Province**

Central Kalimantan's REDD+ Strategy provides a number of options for ER activities, and the program will choose from among the following:

- Allocation of areas of the Kawasan Hutan for ecosystem restoration and REDD+ activities

- Review of land swaps to protect remaining forests
- Improvement of law enforcement to prevent illegal logging
- Revitalization of community based plantation programs
- Implementation of a sustainable environmental management system, which includes more sustainable mining, agricultural, and development practices.
- Provision of support for the sustainable use of peat land.
- Improvement of the hydrological status of peat land by improving water management
- Support for community based reforestation of degraded forests and peatland
- Development of alternative livelihood opportunities to communities
- Prevention and management of forest and peatland fires by actively involving communities in firefighting programs.
- Development of collaborative management for HCVFs, building on local wisdom and management practices.
- Engagement of women's groups in environmental management through capacity building and business facilitation.

Key implementation partners in Kapuas are: Kalimantan Forest Carbon Partnership (KFCP), Kapuas Customary Dayak Council, Tahanjungan Tarung Foundation, Petak Danum Foundation, and Inter-Village Communication Forum.

#### **5.4 Risk/benefit analysis of the planned actions and interventions under the ER Program**

*Please explain the choice and prioritization of the planned actions and interventions under the ER Program identified in 5.3 taking into account the implementation risks of the activities and their potential benefits, both in terms of emission reductions and other non-carbon benefits.*

The choice of planned actions and interventions is based on the current status of Indonesia's REDD+ program, on ongoing fundamental governance reforms, and on expected long-term emissions reductions and other non-carbon benefits. The program is ambitious in seeking to address major underlying governance issues, but builds on ongoing reform processes. Improving forest governance and spatial issues is seen as a prerequisite for other long-term interventions, and will lead to sustainable emissions reductions, an improved business climate for sustainable forestry, and improved access and livelihood opportunities for local communities. The main inherent risks of this approach include political risk (since the reforms depend on political support) and the risk that reforms will take longer to implement than expected due to the complexity of the reforms, political economy issues, and inadequate institutional capacity at the district level.

**Table 5: Assessment of ER potential, non-carbon benefits, sustainability, and risks**

ER Activity	ER Potential	Non-Carbon Benefits	Sustainability	Risk
<b>Support for KPH development</b>	Moderate indirect potential, but lays the foundation for direct ER activities	High. Improved access for local communities, reduced conflict, improved land management	High. Fundamental improvement in forest governance.	Moderate to High. Political and timing risks.
<b>Support for spatial planning and tenure reform</b>	Moderate indirect potential, but lays the foundation for direct ER activities	High. Improved access for local communities, reduced conflict, improved land management	High. Fundamental improvement in forest governance.	Moderate to High. Political and timing risks.
<b>Field-based activities</b>	High. Activities will protect high carbon stock landscapes.	High. Activities should lead to protection of forests with high conservation value, and improved livelihoods.	High in the medium term as activities are aligned with province-level strategies and would be continued after 2020. Medium in the long term.	Low to moderate.

## 6. Stakeholder Information Sharing, Consultation, and Participation

### 6.1 Stakeholder engagement to date on the proposed ER Program

*Please describe how key stakeholder groups have been involved in designing the proposed ER Program, and summarize issues raised by stakeholders, how these issues have been addressed in the ER Program to date, and potential next steps to address them.*

In addition to stakeholder engagement specifically on the ER Program, the proposed program is based on Indonesia's REDD+ strategy documents and on related reforms that have been built on strong stakeholder engagement and outreach activities. The National REDD+ Strategy and the province-level REDD+ strategies and action plans were developed through consultation processes at the national and local levels, reaching out to communities, NGOs, universities and the government (central, provincial and district). The RAN-GRK used a consultation and communication platform to develop Province Level Strategies and Action Plans based on local needs and priorities. In addition, the FCPF Readiness Program has sponsored numerous outreach events both at the national and subnational levels. Outreach and communication material from various programs and development partners have been published on-line, in print, and through workshops, trainings, and other means.

The proposal to address forest governance and land issues is consistent with Indonesia's REDD+ Strategy and with various development plans. KPH development is a stated priority in the National Long-Term Development Plan, the latest National Medium Term Development, and in the Ministry of

Forestry's Long Term Development Plan. The concept of supporting KPH development through REDD+ investment has also been subject to stakeholder outreach processes in the context of the development of the FIP Plan. Like the proposed ER Program, the FIP also aims to support the KPH program, albeit at the national program level.

Indonesian civil society organizations have long been engaged in advocacy, as well as community mapping and stakeholder outreach, revolving around land rights for local communities. At the conference on forest tenure in Lombok in July 2011, the GOI officially launched a transparent and participative process that would seek the inputs of various stakeholders, including indigenous communities. It is anticipated that the ER Program will build on and support this process.

A preliminary stakeholder engagement process specific to the design of the ER Program was begun on 17<sup>th</sup> April 2014 with a focus group discussion (FGD). This involved representatives from the Ministry of Forestry, the Ministry of the Environment, Bappenas, the National Council for Climate Change (DNPI), DKN, the REDD+ Task Force, international partners, the private sector, and universities and research institutions. Specific topics discussed were: site selection, program design, potential non-carbon benefits, consultation processes, REL and expected emissions reductions, MRV, readiness, and payment mechanisms. The participants of the meeting agreed that Indonesia would participate in the FCPF Carbon Fund and developed criteria for the selecting participating districts. Based on these criteria, 7 districts were selected (Section 4.1).

This was followed by a two-day consultation on April 29<sup>th</sup> and 30<sup>th</sup>. This workshop was intended to get confirmation and commitment from the districts to participate in CF program, to check the level of readiness and availability of data and information, and to get consensus on the final list of participating districts. This was well attended by decision makers from the local government, heads of the local forestry departments (Dinas Kehutanan), and heads of the regional planning agencies (Bappeda). From the national level, MoFr (Puspijak and Pustanling), the REDD+ Agency, Bappenas, and the Ministry of Environment were represented.

In order to enhance the communication between the team developing the ER-PIN and district governments, a parallel public consultation process was conducted during 12 – 23 August in the 7 districts. In addition to the local public consultations, the draft ER-PIN was presented on May 19<sup>th</sup>, on August 26<sup>th</sup>, and on September 3<sup>rd</sup> to multiple stakeholders in Jakarta. These meetings were co-hosted by Ministry of Forestry and BP-REDD+. Stakeholders involved in the consultation process include:

- Governmental agencies (central, provincial, local): Ministry of Forestry, Bappenas, Ministry of Finance, BP-REDD+, Ministry of the Environment, Provincial Forestry Services, Provincial Planning Agencies, District Forestry Services, District Planning Agencies
- Non-governmental agencies: Warsi, FFI, WWF, TNC, Bank Information Centre, ICEL, Kemitraan, Rainforest Foundation of Norway (RFN), Kehati.

Specific program activities have not yet been consulted on at the district-level, except where they are building on existing programs in Berau and Kutai Barat. Also issues related to Carbon Accounting, ER transfers and other components of the Methodological Framework have not yet been consulted with all stakeholders. This is seen as a critical component of the program design phase.



## 6.2 Planned outreach and consultation process

*Please describe how relevant stakeholder groups will participate in further design and implementation of the proposed ER Program and how free, prior and informed consultation leading to broad community support for the ER Program and key associated features, including the benefit-sharing arrangement, will be ensured. Please describe how this process will respect the knowledge and rights of Indigenous Peoples and local communities, by taking into account relevant international obligations, national circumstances and laws.*

The inclusion and involvement of stakeholders is one of the pillars of the National REDD+ Strategy and hence of the proposed ER Program. During the program design phase, the program partners under the leadership of the REDD+ Agency and the Ministry of Forestry will engage and consult a broad range of stakeholders at the community, district, provincial, and national levels at all stages of design. The process will be robust, inclusive, transparent and participatory in accordance with high standards of public consultation. Particular attention will be given to customary peoples and local communities as well as addressing gender issues, and to the utilization of local knowledge and techniques, where appropriate. Besides covering the design of ER activities, the consultation and outreach process will be used to design benefit sharing arrangements, and the REL and MRV systems.

Many of the requirements related to the consultation/ participation for the Program can be satisfied through the more widespread adoption and application of the Consultation Protocols developed for MoFr by the National Forest Council (DKN). This includes a National Consultation Protocol, which has already been developed and is being applied, such as in consultations for the FIP. ToR for a community-level consultation protocol, focused on the engagement of specific indigenous and forest dwelling communities, are under development.

A number of the participating districts also have valuable experience in consultation processes that can be integrated into the planned outreach and consultation program. For example, Merangin and Bungo have experience carrying out village consultations on community forestry programs. The existing programs in Kutai Barat and Berau have both included significant consultation processes with stakeholders ranging from government to customary communities. Donggala and Tolitoli, with the support of UNREDD have consulted on and field-tested a mechanism for achieving Free and Prior Informed Consent (FPIC).

## 7. Operational and financial planning

### 7.1 Institutional arrangements

*Please describe the governance arrangements anticipated or in place to manage the proposed ER Program (committee, task force), and the institutional arrangements among ER Program stakeholders (i.e., who participates in this ER Program, and how, including the roles of civil society organizations and forest dependent communities).*

The preliminary institutional arrangements proposed for this ER Program are designed to: (1) facilitate coordination among stakeholders; (2) ensure the effectiveness and efficiency of the benefit sharing mechanism; (3) ensure the participation of each stakeholder; (4) conform to the national REDD+ program; and (5) facilitate the coordination of the program across the 7 districts.

The main stakeholders at the national level and their roles are as follows:

1. The Ministry of Forestry will be the main management agency of the ER Program and will coordinate the implementation of ER Activities in the participating districts. MoFor will also

provide limited technical assistance for preparing districts in implementing their ER programs, in part through the FCPF Readiness Fund.

2. The REDD+ Agency will be the focal point for the Carbon Fund and will support the implementation of the ER Program and ensure alignment with the national REDD+ program. The Agency will also provide financial assistance for key elements of readiness to participating districts. After 2020 the Agency will channel ER Payments to the districts through FREDDI.
3. Bappenas will support the ER Program and incorporate it into the national program for GHG emission reduction to support low carbon emission development. Bappenas can also monitor the implementation of support for KPH development.
4. The Ministry of Finance will help design the legal framework for the benefit sharing mechanism. Ministry of Finance is also important for the development of incentive mechanisms for the provincial and district governments.
5. The Ministry of Environment will support the implementation of the MRV system in the seven districts.
6. The Ministry of Home Affairs may play a critical role in benefit sharing, through the PNPM program.
7. The National Council for Climate Change will support the implementation of the ER Program as part of national appropriate mitigation actions (NAMAs) that are coordinated by this agency.
8. The National Forestry Council (Dewan Kehutanan Nasional) is a representative of civil society organizations and non-government organizations working in forestry area and will support the implementation of the ER Program by promoting the inclusion of local people and other affected parties.

The main stakeholders at the provincial and district levels and their roles are as follows:

1. Provincial Forestry Services will provide endorsement for the ER Program and incorporate it into sustainable forest management plans at the provincial level.
2. Provincial REDD+ Working Groups, or similar bodies will coordinate the implementation of the ER Program within districts in the respective province and incorporate it into provincial REDD+ programs.
3. Provincial KPHs will coordinate the implementation activities in KPHs that cross district boundaries.
4. District Forestry Services will be responsible for ensuring the ER program can be implemented and monitored and eventually integrated into the national REDD+ Program.
5. District REDD+ Working Groups will support the implementation of ER Activities through technical and financial support and will help with stakeholder outreach activities.
6. District KPHs will lead the implementation of activities within their boundaries.
7. Village institutions will support the implementation of the program and the participation of local communities in the program
8. Customary communities will participate in the implementation of the Program and will be key beneficiaries of investment and incentives.
9. Local NGOs will support KPH and district governments in preparing and implementing the ER program, through technical and financial support.

10. Program partners, national, and international NGOs, will manage, fund and coordinate ER Activities at the district level in close cooperation with provincial and district governments.

Management across the seven participating districts will be facilitated by the following:

- Establishment of a CF Participants Forum. This will be a forum for district governments and other stakeholders to communicate and coordinate CF implementation and to monitor and support districts in their performance, including on program implementation, achieving ERs and building local capacity.
- Launch of an integrated capacity building process. This will include training as well as assistance to districts for developing their readiness programs and REDD+ infrastructure to support full implementation of REDD+ through the CF.
- Strengthening managing entities in the districts. This will include enhancing the capacities and authorities of the forestry agencies (Dinas Kehutanan) and local planning agencies (Bappeda) to play a leading role in CF implementation.

Each district has its own challenges on addressing the drivers of deforestation, physical and social characteristics, and programs to reduce emissions. Thus, in each district, the Head of District will be responsible for the whole program, while technical substances will be coordinated by partners for example, TNC in Berau, WWF in Kutai Barat, Warsi in Merangin and Bungo, and BP-REDD+ will support the other districts. To coordinate all programs in 7 districts FORDA and BP-REDD+ in collaboration with the proposed CF Participants Forum will provide technical guidance, during the project development phase.

CF activities, performance and results will be reported to a Steering Committee. The Steering Committee will be at the Secretariat General level, will be co-chaired by the REDD+ Agency and the Ministry of Forestry, and will be composed of the principal agencies involved. These include the Director General of FORDA, Ministry of Finance, Ministry of Environment, Ministry of Home Affairs, Bappenas, the National Council on Climate Change, KPHs, and the governments of the participating districts. The Steering Committee will also include representation from non-Government stakeholders including civil society and representatives of indigenous groups. The World Bank and selected partner agencies will be given observer status. Steering Committee meetings will be held every 6 months to evaluate activities and progress. Technical coordination meetings, organized by the Ministry of Forestry, will be held 2-3 times per year.

## **7.2 Linking institutional arrangements to national REDD+ implementation framework**

*Please describe how the institutional arrangements for the proposed ER Program fit within the national REDD+ implementation framework.*

The proposed institutional arrangements directly link the ER program to the Ministry of Forestry and the REDD+ Agency implementation framework. The REDD+ Agency has a presidential mandate to assist the President in the coordination, planning, management, monitoring, and oversight of REDD+ activities. The Ministry of Forestry, based on Law No. 41/1999, has the legitimacy and capacity to manage and implement REDD+ programs. The program also gives a prominent role to the district and provincial governments, which will have a critical role in implementing Indonesia's approach to REDD+, which is based on national accounting and subnational implementation. Also the role of the KPH institutions in the program, including the role of the province and district forest services, reflects the important role that these are likely to have in implementing REDD+ activities in the field across Indonesia.

### **7.3 Capacity of the agencies and organizations involved in implementing the proposed ER Program**

*Please discuss how the partner agencies and organizations identified in section 3.1 have the capacity (both technical and financial) to implement the proposed ER Program*

The Ministry of Forestry will be the main management agency and will provide guidance and oversight to the ER Program. MoFr manages a significant budget and has also received grants from several international donors. The Directorate for Management and Preparation of Forest Use Areas (Direktorat Wilayah Pengelolaan dan Penyiapan Areal Pemanfaatan Kawasan Hutan), which is part of the Directorate General for Forestry Planning, is responsible for supporting the establishment of KPHs and will be a key partner in the ER Program. The Center for Climate Change and Forest Policy Research and Development (PUSPIJAK) is a Directorate of FORDA. Its tasks include research on climate change policy and the implementation of REDD+ programs, including Indonesia's FCPF Readiness program.

The REDD+ Agency will play a role in coordinating activities and aligning them with the National REDD+ Strategy and national REDD+ systems. The REDD+ Agency was established by Presidential Regulation Number 62 of 2013 with the mandate to prepare and coordinate REDD+ activities, including funding instruments, MRV, safeguards, and benefit sharing.

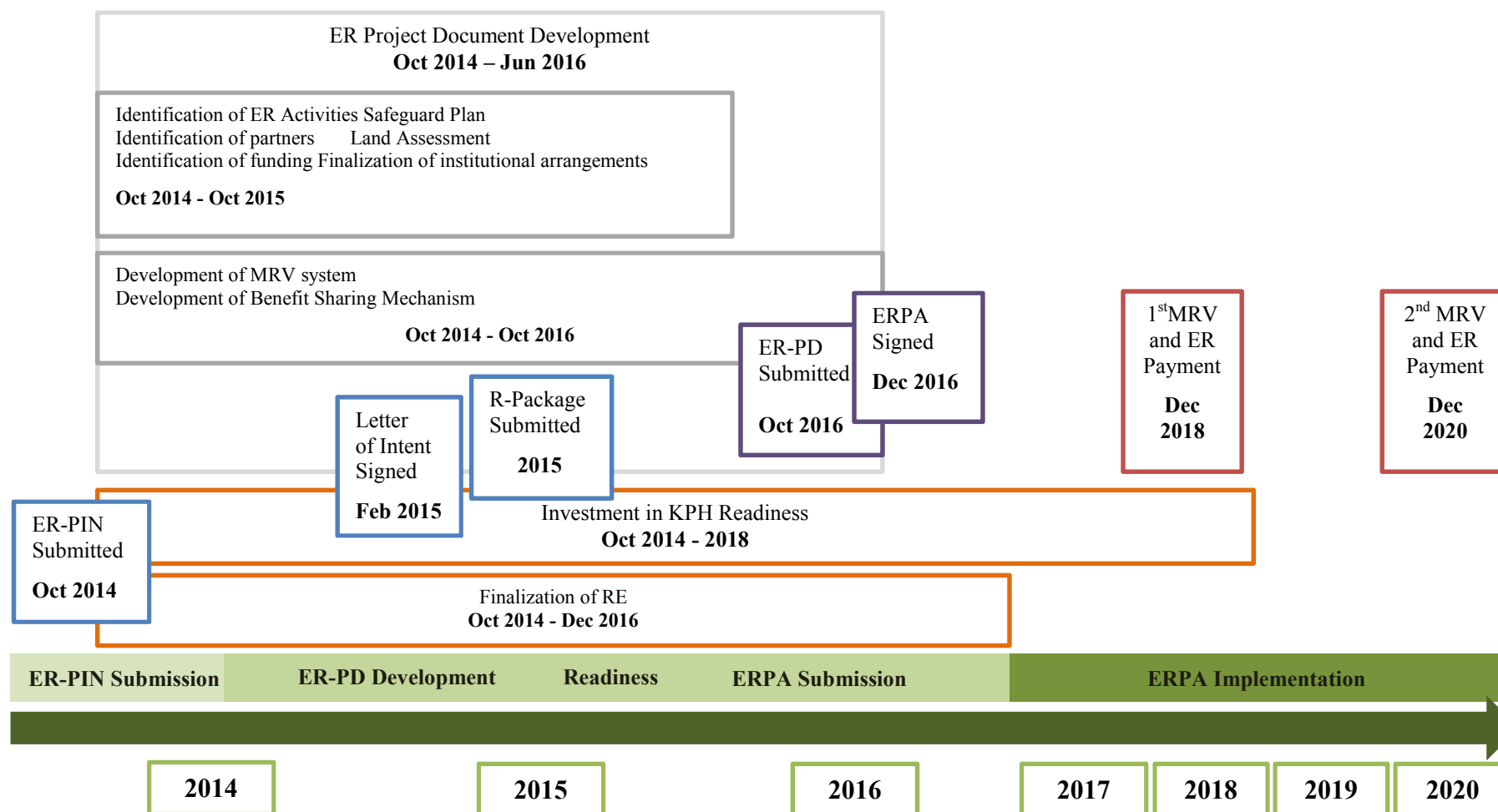
The Ministry of Home Affairs (MoHA) is a potential key partner to implement benefit distribution. The Directorate of Village Natural Resources and Appropriate Technology (SDATTG) within MoHA is the Project Implementing Unit (PIU) for PNPM Green and has a mandate to facilitate the effective management of village natural resources and utilization of appropriate technology for development. SDATTG is tasked with improving environmental conservation and rehabilitation, and effective utilization of community lands and coastal areas. SDATTG has significant experience (and operational infrastructure) in managing donor funding for community driven development.

The National Forestry Council (DKN) is constituted as a multi-stakeholder representative body designed to organize consultative processes and provide policy advice to the Government. DKN was established at the Fourth Indonesia Forestry Congress in 2006. DKN is a constituent-based organization and is organized into five chambers designed to represent the major stakeholder groups in the forestry sector: government, communities, business, academia, and NGOs including indigenous representatives' organizations. DKN's widely recognized and respected mandate is to help in the formulation of effective policies through increased communication among stakeholders, increased agreement on important forestry issues, and increased dissemination of information on the performance of the forestry sector.

The design stage of the ER Program will identify strong partners at the district level. Civil society organizations with experience in collaborating with local communities and local governments in forest law enforcement and governance (FLEG), forest and land tenure reform, and degraded lands development, will be important partners in providing technical assistance and implementing ER activities. Implementing partners will be selected based on their capacity to work across sectors, to work consultatively with communities, and to successfully implement project activities.

**7.4 Next steps to finalize the proposed ER Program implementation design (REL/FRL, ER Program monitoring system, financing, governance, etc.). Provide a rough timeline for these steps.**

### Processing Steps: From ER-PIN Submission to ERPA Implementation



**7.5 Financing plan (in US\$ million)**

*Please describe the financial arrangements of the proposed ER program including potential sources of funding. This should include both near-term start-up cost and long-term financing. If the proposed ER program builds on existing projects or programs that are financed through donors or multilateral development banks, provide details of these projects or programs, including their financing timeframe. Use the table in Annex I to provide a summary of the preliminary financial plan*

**Costs**

The total cost of the ER Program for the period 2016 to 2020 is estimated at US\$ 251.5 million, including costs of US\$ 4.5 million for developing the ER Program. Program development costs include investment in the MRV system, finalization of the REL, including support for finalizing the One Map initiative, the design of the benefit sharing mechanism and FGRM, ER-PD Development, and analytical work such as land assessments for the Program Area. Implementation costs are comprised of US\$ 27million for KPH support, US\$ 42million for supporting spatial planning and tenure reform, US\$ 104 million for community based activities, US\$ 70 million for activities related to forest concessions and estate crops, and US\$ 4 million for maintenance of systems MRV and FGRM systems, data collection, compilation, and verification.

**Table 6: Summary of Preliminary Costs**

Activity	Cost (US\$)
Program Development Costs (MRV, REL, FGRM)	4,500,000
Support for KPH	27,000,000
Support for spatial planning and tenure reforms	42,000,000
Community based activities	104,000,000
Activities related to forest concessions and estate crops	70,000,000
MRV and FGRM	4,000,000
<b>Total Cost</b>	<b>251,500,000</b>

**Sources of funding**

Total funding for the Program is estimated at US\$ 360.7 million, composed of US\$ 146.2 million in program funding and US\$ 214.5 million in sales revenue from ER transactions. Additional funding will be secured during the program's design phase.

The ER Program includes significant government programs that will address underlying drivers of deforestation, which means that a significant amount of funding is expected from the national budget. KPH development in particular is a national priority for which substantial public resources will be available until the system is fully established. The approximate budget available for each district for facilitating KPH development is US\$ 200,000 per year, or US\$ 1.4 million per year for the seven participating districts. The land reforms and spatial planning initiatives that the ER Program will support are relatively recent, but it is expected that these will also be supported through the national budget, beginning in 2016 with up to US\$ 1.6 million per year. In total approximately US\$ 11.2 million are expected in public funding. The exact number is to be confirmed.

There are a number of donor-funded REDD+ readiness programs in Indonesia, some of which will be directly supporting the ER Program. The Indonesia FCPF Readiness Fund that is managed by the Ministry of Forestry will allocate up to US\$ 2.5 million in funding for the participating districts for REDD+ Readiness.

Significant support is expected from the REDD+ Agency through FREDDI, to support REDD+

implementation in Indonesia, including readiness investment and ER Activities in the participating districts. In the short term this will be channeled through a number of eligible partner and executing agencies. In funding programs, projects, and activities at the provincial and district levels, FREDDI will work based on the fulfillment of 5 prerequisites:

- The signing of an MoU with the provincial and district government
- Completion of Provincial Strategy and Action Plans
- Completion of Cadastral Map/Baseline
- Establishment of the REL
- The designation of a regional focal point.

When the five prerequisites have been fulfilled, FREDDI will start to initiate a call for proposals for financing programs, projects, and activities to be carried out within the jurisdiction. The financing plan will be based on the decision of FREDDI's Board of Trustees and will be in line with the thematic program to be carried out within the given year, with the targeted beneficiaries, and with the corresponding annual budget allocation for each of the Funding Windows (i.e: National, Subnational Competitive, Small Grants). At first FREDDI will prioritize funding for activities to improve enabling conditions and that would mostly fall under the authority of the central and regional governments. However, initiatives from parties outside the government (e.g: CSOs, communities, and private enterprises) can also receive funding from FREDDI. FREDDI will gradually carry out its Payments for Results mechanism for the achievement of enabling conditions and emission reduction programs. FREDDI will also play a role in aligning co-financing from other sources.

**Table 7: Summary of Preliminary Funding (excluding ER Sales)**

Source	Funding (US\$)
FCPF Readiness Funding (grants)	2,500,000
Government budget	11,200,000
Berau Forest Carbon Partnership (grants)	50,000,000
Kutai Barat (grants)	82,500,000
Funding from partners in remaining districts	-tbd-
<b>Total Sources</b>	<b>146,200,000</b>

The bulk of funding for readiness as well as ER Activity implementation is expected to come from partner CSOs and donors who are, or will be, implementing programs in the districts. In Berau for example, the Berau Forest Carbon Program (BFCP) will be a key partner and is expected to provide US\$50 million for the implementation of ER Activities. The Kutai Barat program is expected to be supported by WWF and partners with up to US\$ 82.5 million during the program period. One of the key activities of the Program Design phase will be to identify funding partners for the other 5 districts.

The total amount of ER expected to be generated up to 2020 is 71.5 million tonnes CO<sub>2</sub>e. Considering the 40% buffer to anticipate uncertainty and leakage, the ER expected to be sold is 42.9 million tonnes CO<sub>2</sub>e, or 21.4 million tonnes for each of the 2 MRV and ER Payment cycles. Assuming a value of US\$ 5 per tonne, leads to a total value of US\$ 214.5 million. It is expected that at least 90% of this will be purchased by the CF with the remainder going to other potential buyers.

The Financing Plan Summary is in Annex 1. It should be noted that this is still at a preliminary stage, to be finalized during program design.

## 8. Reference Level and Expected Emission Reductions

### 8.1 Approach for establishing the Reference Emission Level (REL) and/or Forest Reference Level (FRL)

*Please briefly describe how the REL/FRL for the proposed ER Program has been or will be established. Describe how the approach for establishing the REL/FRL is consistent with UNFCCC guidance available to date and with the emerging Methodological Framework of the FCPF Carbon Fund, and with the (emerging) national REL/FRL (or with the national approach for establishing the REL/FRL).*

Indonesia is currently in the process of developing a national Reference Emission Level (REL) and a Forest Reference Level (FRL) and it is expected that the establishment of a REL/FRL for the purpose of the Carbon Fund Program Area will build on this process and will provide valuable lessons for the national system. While each of the participating districts has developed REL/FRL systems, these do not all conform to the requirements of the Methodological Framework, and they are based on varying assumptions and data. For these reasons, GOI will promote a single methodology for the entire Program Area that should be in place in 2015.

The current methodology favored by the REDD+ Agency, which is developing the national REL/FRL, uses a historical approach that is compatible with the requirements of the Methodological Framework and with UNFCCC guidelines. Adequate land cover data is currently available for the entire country for the period 2000 to 2009, allowing the calculation of a ten-year historical deforestation rate. The current REL is in place for the national level and for the provincial level. The land cover data is believed to be accurate enough for creating district-level RELs but the lack of agreed upon district boundaries has prevented the REDD+ Agency from making those calculations so far. It is expected that this issue will be resolved over the next year through the One Map initiative, at which time more accurate RELs for the participating districts can easily be established.

The REDD+ Agency currently uses land cover classifications from the Ministry of Forestry that differentiate between 6 natural forest types, with carbon stock ranging from 120 to 196 tonnes C per hectare. Deforestation under this approach is defined as a one-time process of land cover change from one of the forest classes to a non-forest class. Forested areas were determined by combining (1) the forest cover map produced by the Ministry of Forestry, and (2) forest/non-forest data produced by the INCAS (Indonesia National Carbon Accounting System) project. This combination of data matches the Ministry of Forestry's formal definition of forests (based on Ministry of Forestry Regulation No 14 in 2004), which uses an area of at least 0.25 ha and 30% or more canopy cover. The carbon stock numbers and resulting emissions factors are based on a number of sources and are believed to be compatible with IPCC guidelines.



**Table 8: Carbon Stock and Emission Factors of the Six Forest Classes**

No.	Natural Forest Cover	Carbon Stock (tC/ha)	Emission Factor (tCO <sub>2</sub> e/ha)	Reference
1	Primary Dryland Forest	195	716	World Agroforestry Centre (2011); Prasetyo <i>et al.</i> (2000); Laumonier <i>et al.</i> (2010); IPCC (2006) for Tropical rainforest; Harja <i>et al.</i> (2011) dengan nilai cadangan karbon berturut-turut 300, 252, 180, 150, 121 dan 93 t/ha.
2	Secondary Dryland Forest	169	620	World Agroforestry Centre (2011) untuk hutan sekunder berkerapatan tinggi; Rahayu <i>et al.</i> (2005); IPCC (2006) for tropical Asia; Saatchi <i>et al.</i> (2011); World Agroforestry Centre (2011) untuk hutan berkerapatan rendah, Harja <i>et al.</i> (2011) dengan nilai berturut-turut 250, 203, 180, 158, 150 dan 74 t/ha
3	Primary Mangrove Forest	170	624	Komiyama <i>et al.</i> (2008)
4	Secondary Mangrove Forest	120	440	Komiyama <i>et al.</i> (2008)
5	Primary Swamp Forest	196	719	MoF (2008), IFCA
6	Secondary Swamp Forest	155	569	MoF (2008), IFCA

The use of 6 different forest types also allows for the determination of emissions from forest degradation. National-level remote sensing data differentiates between the 6 forest types allowing the detection of change in carbon content associated with forest degradation for setting the REL and for the Forest Monitoring System. For example, for dryland forest, the change from primary to secondary forest would be associated with an emission factor of 96 tCO<sub>2</sub>e/ha. The historical rate of degradation has not been calculated, but for the purpose of the REL is estimated at 20% of total emissions from deforestation and degradation. This number is considered a rough estimate that will be refined as part of the finalization of the REL.

Due to the importance of emissions from peat decomposition and peat fire at the national level and in a number of the participating districts, these sources are included in the REL. The Emissions Factors for peat decomposition and peat fire are based on the IPCC (2013) “Supplement to the 2006 IPCC Guidelines for National GHG Inventory: Wetlands” using the Ministry of Forestry’s 23 land cover classes. The calculation of emissions from peat fire uses the approach developed by the Mitsubishi Research Institute (2013) where the burnt volume is based on the area of measured hotspots multiplied by a conversion factor (0.769), with an assumed average burn depth of 0.33 meters. The districts with significant areas of peat and with historical CO<sub>2</sub> emissions from peat decomposition and peat fire are: Kapuas, Kutai Barat, and Berau.

## 8.2 Expected REL/FRL for the ER Program

*Please provide an estimate of the REL/FRL for the proposed ER Program area. Even a very preliminary estimate would be helpful.*

As noted, each district currently uses different methodologies and assumptions to calculate its REL/FRL. Thus, to achieve consistency a very basic approach was taken to derive a preliminary estimate for the REL. This relies on the historical deforestation rates, which were provided by the districts, and multiplies that by a single emissions factor to estimate the historical carbon loss from deforestation. It should be noted that the deforestation rates are preliminary estimates. The carbon loss from degradation is estimated using the assumption that degradation accounts for 20% of emissions from deforestation and degradation. The emissions factor for deforestation used was 650 tCO<sub>2</sub>e per hectare, which lies between primary and secondary dryland forest in Indonesia (Table 8).

Emissions from peat decomposition and peat fire are based on the methodology described in the section above. The total annual historical carbon loss calculated in this way ranges from 1 million tCO<sub>2</sub>e in Donggala to 22 million tCO<sub>2</sub>e in Kapuas. The total preliminary REL for all districts is around 60.7 million tonnes CO<sub>2</sub>e per year.

**Table 9: Estimated Reference Emission Level**

District	Forest (ha)	Historical Deforestation (ha/yr)	Historical CO <sub>2</sub> emissions by Source (tCO <sub>2</sub> e/yr)				
			Deforestation	Degradation	Peat Decomp.	Peat Fire	Total
Donggala	302,897	1,197	778,050	194,513	-	-	972,563
Tolitoli	202,480	1,585	1,030,250	257,563	-	-	1,287,813
Berau	1,513,170	16,440	10,686,000	2,671,500	283	-	13,357,783
Kutai Barat	903,556	12,427	8,077,400	2,019,350	576,527	85,184	10,758,460
Kapuas	814,000	8,537	5,549,050	1,387,263	5,820,815	9,280,565	22,037,693
Merangin	311,293	9,860	6,409,000	1,602,250	-	-	8,011,250
Bungo	96,519	5,202	3,381,300	845,325	-	-	4,226,625
<b>Total</b>	<b>4,143,915</b>	<b>55,248</b>	<b>35,911,050</b>	<b>8,977,763</b>	<b>6,397,625</b>	<b>9,365,748</b>	<b>60,652,186</b>

## 9. Forest Monitoring System

### 9.1 Description of approach and capacity for measurement and reporting on ERs

*Please describe the proposed approach for monitoring and reporting the emission reductions attributable to the proposed ER Program, including the capacity of the proposed ER Program entities to implement this approach.*

The ER Program's approach for measurement and reporting on ERs will be aligned with the emerging national approach, will build on existing capacities and systems for forest monitoring, and will be designed through a consultative and participatory process during the Program Design Phase. Capacities to implement the FMS differ across the participating districts and some are likely to require more readiness investment in this area than others. District-level frameworks for MRV are not yet fully in place and district governments and local partners will require capacity building.

Estimation of emissions is based on IPCC Guidelines (2006) that divide land cover into six classes, namely forest land (FL), cropland (CL), grassland (GL), wetland (WL), settlement (S) and otherland (OL). The Ministry of Forestry has the capability to conduct land change analysis to produce Land Change Matrix (LCM) annually using 23 land cover classes. To support the monitoring of the ER program, bi-annual land change matrix analysis will be performed for each proposed district.

Each district will conduct MRV by combining direct measurement and remote sensing analysis. It is expected that MRV activities will be carried out for the Accounting Area on a bi-annual basis, with the first MRV in December 2018, and the second and final MRV (for the purpose of the CF) in December 2020. This would allow for two ER Payments to occur during the CF Program's timeframe. The human resources at each district have the capacity to conduct monitoring and reporting. However, the institutional arrangements for MRV at each district still need to be strengthened as has been explained in Section 7.1., and this would be undertaken in the project development phase. The proposed CF Participants Forum will provide technical guidance on MRV.

**9.2 Describe how the proposed ER Program monitoring system is consistent with the (emerging) national REDD+ monitoring system.**

The development of MRV at the national and sub-national levels has been initiated.

The national approach to forest monitoring and MRV is currently being developed with the Ministry of Forestry and the REDD+ Agency playing leading roles. An MRV design document has been prepared, and is under consultation with other stakeholders. Other key milestones include the issuance of Environment Ministerial Regulation No. 15/2013 on MRV for climate change mitigation action, and the beginning of development of additional permanent sample plots supported by a database system.

The system will rely on the existing forest inventory and carbon accounting systems. The Ministry of Forestry has led a series of capacity building activities on MRV at the national and sub-national levels, in addition to leading the establishment of almost 100 additional permanent sample plots throughout the country.

The National MRV system aims to be consistent, transparent, complete, accurate, participatory and adaptive. The purpose of the National MRV system is to support the National REDD+ Strategy and the RAN-GRK, while complying with UNFCCC standards (including on reporting co-benefits and safeguards). The MRV system will measure the performance of all REDD+ activities, and encompass Nationally Appropriate Mitigation Actions (NAMAs) in the sectors of Agriculture, Forestry and Land Use (AFOLU). The final national MRV system is expected to be able to also monitor emissions from peatlands, given its overall importance. Monitoring of national deforestation will be done with high frequency (approaching real-time) data, to identify areas with high levels of deforestation. National level monitoring and reporting will cover the dynamics of deforestation, degradation and emissions. This will be supported by forest inventory data, as well as through public feedback. At the subnational level, this will be augmented by an enhanced forest inventory program.

A positive development is what is generally referred to as the One Map Program. This effort to synergize the maps used by the different agencies will help improve the quality of data and the efficiency in data gathering and reporting. Additionally GoI is developing a national cadaster and is continuing with forest gazettelement, which will help identify the exact boundaries of the Kawasan Hutan.

It is hoped that the national system will be fully developed and operational by 2016, however it is likely that measures specific to the ER Program will need to be put in place. In the scenario where a Forest Monitoring System for the ER Program is put in place before the national system is completed, the REDD+ Agency and the Ministry of Forestry will ensure that there is close alignment between the two systems. The development of the ER Program's system would provide valuable lessons for the design of the national system.

National Forest Inventory

The forest monitoring system will make use of Indonesia's existing National Forest Inventory System (NFI). The NFI data is the richest and largest database of forest inventory across Indonesia. It was created using systematic sampling and consistent, well designed, protocols of field measurement. The database has been well maintained by the Forest Planning Agency of the Ministry of Forestry. Indonesia's forests were inventoried from 1989 to 1996 (phase 1) and from 1995 to 2000 (phase 2) by the Forest Planning Agency as part of a collaboration between the GOI and FAO. The objective of the NFI was to assess forest- stand conditions, stocks, growth rates and tree diversity across the

landscapes of Indonesia. An improved version of the NFI became known as the Forest Assessment and Monitoring System. The NFI was not initially designed for carbon-stock assessment. However, the inventory was comprehensive and well designed, using proper techniques of data collection. Tree data (diameter, height) has been used with allometric equations to estimate aboveground tree biomass, a dominant component of total carbon stock.

Sample plots were identified systematically across Indonesia in a 20 x 20 km grid, but mountainous areas (for example, Papua) and regions with low forest-cover (Java, parts of Sumatra and Kalimantan) were not included. Each cluster location was designed as 3 x 3 plots. Each plot size is 1 hectare, and one plot in the center was designed as a permanent sample plot (PSP) surrounded by eight temporary sample plots (TSP). The inventory of TSPs was made using a basal area factor technique, while in the PSP plots a census was made of all individual trees with a diameter at breast height (DBH) greater than 20 cm within the 100 x 100 m plot and stratified sampling for trees with less than 20 cm DBH. In the PSP plots, tree height was measured for trees of above 20 cm DBH. Other than records of trees, each subplot within a PSP (25 x 25 m) has information on land cover and a description of uses.

**9.3 Describe how the proposed ER Program monitoring system is consistent with UNFCCC guidance available to date and with the emerging Methodological Framework of the FCPF Carbon Fund.**

The proposed ER Program monitoring system will be consistent with UNFCCC guidance available to date and with the emerging Methodological Framework of the FCPF Carbon Fund:

- The ER Program will at a minimum account for emissions from deforestation and forest degradation.
- The decision on whether to include emissions from peat decomposition and fire will be based on discussion with the CF FMT on whether excluding them would underestimate or overestimate total emission reductions.
- The basis for estimating forest-related greenhouse gas emissions by sources and removals by sinks will be IPCC guidance and guidelines, as adopted or encouraged by the Conference of the Parties.
- Key data and methods will be sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals. These will be documented and made publicly available online.
- The ER Program will systematically identify and assess sources of uncertainty in Reference Level setting and Measurement, Monitoring and reporting.
- The ER Program, to the extent feasible, will follow a process of managing and reducing uncertainty of activity data and emission factors used in Reference Level setting and Measurement, Monitoring and reporting.
- Uncertainty of activity data and emission factors used in Reference Level setting and Measurement, Monitoring and reporting will be quantified in a consistent way, so that the estimation of emissions, removals and Emission Reductions is comparable among ER Programs
- The Forest Monitoring System will provide data and information that are transparent, consistent over time, and are suitable for measuring, reporting and verifying emissions by sources and removals by sinks.

- The ER Program will apply technical specifications of the emerging MRV system where possible.
- Community participation in monitoring and reporting will be encouraged and used where appropriate.

**9.4 Describe any potential role of Indigenous Peoples or local communities in the design or implementation of the proposed ER Program monitoring system.**

Communities are key stakeholders in Indonesia's forests and in REDD+ and will be important participants in the proposed ER Program. Community representatives will be invited to be part of the program's Steering Committee, and local communities will be involved in ER activities and will be beneficiaries of ER Payments and other incentives. During the Program Design Phase, the ER Program will explore opportunities for community participation in monitoring and reporting, e.g., of ER Program Measures, activity data, emission factors, safeguards and Non-Carbon Benefits, and will encourage community participation where appropriate. The consultation process that is a core aspect of the Program Design Phase will involve local and customary communities in all aspects of program design. This includes the design of the FMS, which will seek to involve local communities in the best way possible, for example in monitoring or verification activities.

**9.5 Describe if and how the proposed ER Program monitoring system would include information on multiple benefits like biodiversity conservation or enhanced rural livelihoods, governance indicators, etc.**

Non-carbon benefits are an integral part of Indonesia's ER Program (see Section 16). Information on generation and/or enhancement of priority Non-Carbon Benefits will be collected periodically, will be provided in program monitoring reports and interim progress reports, and will be made publicly available.

## **10. Displacement**

**10.1 Description of the potential risks of both domestic and international displacement of emissions (leakage)**

*Please describe the potential risks of both domestic and international displacement of emissions from the proposed ER Program activities. Then also describe how the proposed ER Program activities will minimize the risk of domestic displacement and international displacement (if applicable), via the design of the proposed ER Program and the ER Program activities and the selection of locations. For sub-national programs, pay special attention to identifying domestic risks of displacement of emissions, the proposed ER Program activities to mitigate these risks, which otherwise would contribute to fewer net emission reductions generated by the proposed ER Program, and how these activities are consistent with the design features of the (emerging) national REDD+ strategy to address risks of displacement.*

Potential risks related to the displacement (leakage) of emissions from the proposed ER Program activities are linked to the geographic discontinuity of the participating districts, and are exclusively domestic. By having an Accounting Area that is composed of 7 discrete districts there is the risk of drivers of deforestation being shifted into neighboring districts that are outside of the Accounting and Program areas. This is particularly the case for agricultural expansion, which is one of the major drivers being addressed by the ER Program, but this risk will be mitigated by the program design.

By addressing spatial planning and tenure issues, the program is expected to lead to an improved land-based investment climate in participating districts. Rather than simply discouraging agricultural expansion, improved land governance should allow for improved land allocation that incorporates economic, environmental, and social criteria. It is expected that clarity over land rights will facilitate agricultural expansion on non-forested land that is currently unavailable due to conflict.

Beyond facilitating improved land allocation through governance improvements, the risk of displacement will also be addressed by a number of field-level activities. These will include working with estate companies to identify possibilities for land swaps. Where drivers of deforestation include smallholder farmers, such as coco producers in Donggala and Tolitoli, potential activity options include yield intensification combined with improved land governance.

These activities are likely to significantly reduce the risk of displacement; however, there may be residual leakage across district boundaries. To account for this, the monitoring system will include monitoring of buffer zones outside of the Accounting Areas. The system would be designed to allow potential leakage to be measured and to be subtracted from the program's achieved ERs.

A buffer of 40% of total expected ERs (approximately 20 million tonnes CO<sub>2</sub>e) is included in the ER estimate below. About half of this is for addressing potential displacement, while the remainder is set aside for potential reversals and other uncertainties.

## 11. Reversals

### 11.1 Activities to address risks of reversal of greenhouse gas benefits

*Please describe major risks of anthropogenic and non-anthropogenic reversals of greenhouse gas benefits (from e.g., fire, agriculture expansion into forest, changes in commodity prices). Also describe any activities or design features in the proposed ER Program that are incorporated to minimize and/or mitigate the anthropogenic risks or reversals, and how these activities are consistent with the design features of the (emerging) national REDD+ strategy to address risks of reversal.*

The ER Program is aligned with the national REDD+ Strategy, which seeks to address underlying drivers of deforestation. By supporting a transition to improved forest and land governance the ER Program will lead to a long-term reduction in deforestation with little risk of reversal. Field-based ER Activities, on the other hand, are expected to have some risk of reversal, which will need to be mitigated through program design in the Design Phase. For example, where fire is a risk, this should be explicitly addressed through fire prevention activities, including through community capacity building.

More generally, risks of reversal of greenhouse gas benefits will be reduced by creating ownership of the ER Program among multiple stakeholders. The program will be developed in consultation with all stakeholders, including customary groups and other local communities, who will be actively involved in the implementation of the programs. A significant component of the ER Activities is likely to involve capacity building and support for sustainable livelihoods that will provide incentives to communities to preserve forests beyond the project timeframe. Also, it is important to note that the ER Program is expected to continue beyond the CF's timeframe as ER payments will be taken over by other funding sources, including FREDDI.

## 12. Expected emission reductions

### 12.1 Expected Emission Reductions (ERs)

Please provide an estimate of the expected impact of the proposed ER Program on the REL/FRL (as percentage of emissions to be reduced). Based on this percentage, also estimate the volume of ERs, as expressed in tonnes of CO<sub>2</sub>e, that would be generated by the ER Program:

- up to December 31, 2020 (currently the end date of the FCPF)
- for a period of 10 years; and
- the lifetime of the proposed ER Program, if it is proposed to continue longer than 10 years.

The final ER potential of the Program will depend on the level of funding that can be generated in each district during the Design Phase. For Berau, Kutai Barat, Kapuas and Merangin, it is estimated that ER Activities can lead to a reduction of emissions by 30% below the REL. For the other districts, an estimate of a 25% reduction below the REL is used.

Total ERs generated are estimated at 17.9 million tonnes CO<sub>2</sub>e per year. Over the 4-year period of the CF (2016-2020), this would add up to around 71.5 million tonnes CO<sub>2</sub>e. Over the entire lifetime of the ER Program (2016-2030) the ER reductions would be approximately 250 million tonnes CO<sub>2</sub>e.

**Table 10: Estimated Emissions Reductions**

District	REL (tCO <sub>2</sub> e/yr)	Potential Reduction	Estimated ER per year (tCO <sub>2</sub> e/yr)	Estimated ER 2016-2020 (tCO <sub>2</sub> e)	Estimated ER 2016-2026	Estimated ER 2016-2030
Donggala	972,563	25%	243,141	972,563	2,431,406	3,403,969
Tolitoli	1,287,813	25%	321,953	1,287,813	3,219,531	4,507,344
Berau	13,357,783	30%	4,007,335	16,029,340	40,073,349	56,102,689
Kutai Barat	10,758,460	30%	3,227,538	12,910,152	32,275,381	45,185,534
Kapuas	22,037,693	30%	6,611,308	26,445,231	66,113,078	92,558,309
Merangin	8,011,250	30%	2,403,375	9,613,500	24,033,750	33,647,250
Bungo	4,226,625	25%	1,056,656	4,226,625	10,566,563	14,793,188
<b>Total</b>	<b>60,652,186</b>	<b>28%</b>	<b>17,871,306</b>	<b>71,485,223</b>	<b>178,713,058</b>	<b>250,198,281</b>

### 12.2 Volume proposed for the FCPF Carbon Fund

Please explain the portion of the expected ERs that would be offered to the Carbon Fund, and if other carbon finance providers or buyers have been identified to date, the portions of the expected ERs that would be offered to them.

As noted above, the program proposes an ER buffer of 40% to address potential displacement, reversals, and other uncertainties. Net ERs that would be available for sale over the 2016-2020 period are 42.9 million tonnes CO<sub>2</sub>e.

Currently the CF would be the only confirmed purchaser of ERs for the period 2016-2020, however it is likely that other donor programs or voluntary REDD+ market participants will be interested in acquiring ERs during this period. Assuming that other buyers would absorb 10% of the ERs, the volume proposed for the CF is approximately 38.6 million tonnes CO<sub>2</sub>e.

### **13. Preliminary assessment of the proposed ER Program in the context of the national Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF)<sup>5</sup>**

#### **13.1 Progress on SESA/ESMF**

*Please describe the country's progress in the implementation of SESA and the development of the ESMF, and their contribution or relationship to the proposed ER Program.*

The development of REDD+ safeguards in Indonesia is proceeding through two main initiatives. The REDD+ Task Force has developed Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI), consisting of 10 environmental and social safeguard principles. Concurrently, MoFr with the support of FCPF is developing a SESA and ESMF as well as a Safeguards Information System for REDD+ (SIS). The SIS builds on existing safeguards systems and is currently being tested in Central Kalimantan and East Kalimantan provinces. A comparative/gap analysis of SIS and PRISAI has been conducted, and the integration of SIS and PRISAI is in progress, in part through the SESA process. A web-based information system is under development. The National Forestry Council (DKN) has the responsibility to undertake SESA/ESMF with facilitation by FORDA. One of the achievements, so far, is guidance for public consultations that has been widely adopted by stakeholders. With regard to the effective engagement of local communities in REDD+, an in-depth assessment is being conducted by the Regional Forestry Council (DKD) in eastern Indonesia. The SESA has been completed, and the ESMF is expected to be completed in 2015.

#### **13.2 Incorporation of SESA outputs and/or outcomes into the proposed ER Program**

*Based on the progress outlined in 7.1, please describe how the proposed ER Program is expected to make use of the outputs and/or outcomes of the SESA process. Provide an analysis of the ways in which activities planned under the proposed ER Program will rely on the measures and procedures included or to be included in the ESMF. Are there likely to be any gaps or issues regarding the compliance of the proposed ER Program activities with applicable safeguard standards, including the UNFCCC safeguards?*

PRISAI acts as a safeguards protocol at the project level, and will be applied to the ER Program. PRISAI's Governance, Social and Environmental Safeguards Principles are as follows:

1. Clarifying the rights to land and territory
2. Complementing or consistent with national emissions reduction target
3. Improving governance in the forestry sector
4. Respecting and empowering the knowledge and rights of indigenous peoples and local communities
5. Effective and full participation of multi stakeholders and paying attention to gender justice
6. Strengthening forest conservation, biodiversity, and ecosystem services
7. Addressing reversals

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<sup>5</sup> The SESA is the assessment process to be used in FCPF REDD+ countries during R-PP implementation and REDD+ readiness preparation. The ESMF is an output of SESA that provides a framework to examine the issues and impacts associated with projects, activities, and/or policies/regulations that may occur in the future in connection with the implementation of the national REDD+ strategy but that are not known at the present time.



8. Reducing replacement of emissions
9. Equitable benefit-sharing
10. Guaranteeing transparent, accountable, and institutionalized information

As noted, the program will also rely on consultation protocol developed by the National Forestry Council, as part of the SESA.

### **13.3 Feedback and grievance redress mechanisms**

*Please describe the mechanism(s) that are or will be put in place to resolve any disputes regarding the proposed ER Program.*

Feedback and Grievance Redress Mechanisms (FGRMs) will be an important part of the safeguards framework of the ER Program and will be developed during the Program Design Phase. FGRMs will play a critical role in addressing REDD+ related disputes, ensuring efficient and fair distribution of benefits, and fostering social inclusion. An FGRM system will be one of the key outputs of the Program Design Phase and will build on existing structures at the local level, as well as on systems that are being developed as part of Indonesia's national REDD+ safeguards.

The Safeguard Unit is a part of the REDD+ Agency and is likely to play an important role in the ER Program's FGRM. The Safeguard Unit will have the right to facilitate conflict and complaint resolution within the final stages of REDD+ projects. This Unit will be supported by the Safeguard Committee under FREDDI, and one of the Committee's strategic roles is the resolution of conflict and complaints on all safeguard implementation, including PRISAI. The scope of work of the Safeguard Committee includes facilitation of complaint and conflict resolution at the project level, and forwarding unresolved complaints to the Safeguard Unit. Part of the scope of work of the Safeguard Unit will be to facilitate the process of conflict and complaint resolution that remains unresolved by the Safeguard Committee or at the activity level.

Insecure land tenure and resource rights could be a key challenge for implementation of the ER Program. For this reason, part of the goal of the land assessments that will be carried out during the Design Phase, will be to identify the need and options for additional mechanisms to address land-specific feedback and grievance.

## **14. Land and resource tenure<sup>6</sup>**

### **14.1 Rights to territories and land, and mitigation benefits**

*Please describe the land use and land tenure context of the proposed ER Program, and if and how rights to territories and land and mitigation benefits from REDD+ are reflected in traditional practices and codified in legal and/or regulatory frameworks.*

The National REDD+ Strategy notes that uncertain land tenure has contributed to the problems of ineffective spatial planning and to unsustainable and uncoordinated land use and development. Land tenure reform and clarification can assist with the development of effective and sustainable programs for alternative, forest-friendly livelihoods, and can help to build support for REDD+ among local and customary communities. Secure land tenure arrangements can increase investment in REDD+ as the

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<sup>6</sup>Parts of this section have been stated in earlier sections and are repeated here for emphasis.

costs of negotiation over land and likelihood of competing land claims and conflict decline, enhancing the contribution to poverty reduction, timber production, and environmental services.

At a conference on forest tenure in Lombok in July 2011 the GOI announced its intention to prioritize the needs of its forest communities, to "recognize, respect and protect Adat rights," and to tackle the lack of coordination across government agencies in addressing forest tenure policies. At the event, the GOI officially launched a transparent and participative process that would seek the inputs of various stakeholders, including indigenous communities. As a follow-up, Indonesian civil society groups have proposed three domains for reform, namely: (i) Improvement of the policy and acceleration of the process of strengthening forestry zones; (ii) Settlement of forestry conflicts; (iii) Extension of the people's management area and enhancement of the welfare of the traditional community and other local communities.

A 2011 constitutional court ruling (MK 45) on the definition of State Forest Land (Kawasan Hutan) provides a window for significant acceleration of forest tenure reform. While the previous definition of State Forest Land included areas that had been "designated and/or gazetted" as such, the new definition includes only areas that have been gazetted. While the court ruling is unlikely to affect previous decisions on land allocation, it does create significant space for the negotiation of land use between MoFr, district governments, and local communities on areas of state forest land that have not yet been gazetted. Recent analysis indicates that less than 15 million ha of state forest land have been fully gazetted.

In March 2013, twelve institutions including key ministries signed a Memorandum of Mutual Agreement (NKB12) under the auspices of the Anti-Corruption Commission (KPK) and UKP4. The NKB12's goal is to improve cooperation and coordination of the various institutions in accelerating forest estate demarcation and in promoting the acceleration of national development and the prevention of corruption. The NKB12 has three main agendas: 1) harmonization of policies, laws and regulations; 2) technical and procedural alignment; and 3) conflict resolution based on the principles of fairness and human rights. The twelve signatories are currently developing an action plan for implementation under the coordination and supervision of the KPK.

As part of its efforts to address tenure issues, MoFr has launched a program to accelerate the gazettal of State Forest Land, with a targeted completion date by 2014. To support the gazettal process, spatial planning, and the resolution of tenure issues, MoFr has also recently established a directorate within the Directorate General of Planning that is dedicated to gazettelement and tenure.

Another positive development is what is generally referred to as the "One Map" effort. This effort to synergize the maps used by the different agencies will help improve the quality of data and the efficiency in data gathering and reporting. Additionally GoI is working on a national cadaster and is continuing with the delineation and demarcation of land designated as state forest area (Kawasan Hutan). In 2014, the one map initiative had covered 68% of the national area, and it is expected that the entire country will be covered by 2015.

The district governments of Berau and Merangin have issued regulations related that acknowledge customary and community forests. In all 7 participating districts, participatory mapping for customary/community forests has been conducted.

The ER Program will support positive outcomes of the ongoing tenure reform processes. The GOI has opened the way for the development of a tenure framework that is conducive to the protection of forests and peatlands, while promoting sustainable livelihoods and investment. Such an outcome would require a gazettal and spatial planning process that includes full and effective participation of

local communities, as well as processes of collaboration involving multiple stakeholders at the national and district levels. Specific investments will include:

- Support to sub-national conflict resolution processes
- Capacity building of local communities to engage in participatory mapping
- Support for finalizing the One Map initiative
- Land registration
- Analytical and technical support to local institutions involved in spatial planning and gazettal.

Indonesia's land governance, especially within the Kawasan Hutan, is challenged by land claims without formal status and overlapping land use permits. There are efforts underway to improve this situation, but these are unlikely to bear fruit in the short term and may add some uncertainty during program design and implementation. Due to the dynamic nature of the issue, it will be important that the program develops detailed assessments of land and resource tenure regimes at the program levels, rather than relying on national assessments. The development of Benefit Sharing Plans will be an opportunity for supporting ongoing reforms, especially through the strategic use of non-carbon benefits.

## 15. Benefit Sharing

### 15.1 Description of envisioned benefit-sharing arrangement for the proposed ER Program.

*Please describe the benefit-sharing arrangements that are envisioned to be used for this proposed ER Program.*

The benefit-sharing arrangement for the proposed ER Program will serve as a model for Indonesia's national REDD+ benefit sharing program, and will be based on a participatory and inclusive design that takes into account current governance weaknesses. The envisioned system will need to be efficient, effective, and equitable and will have the following characteristics:

- Based on a consultative inclusive design process that covers all stakeholders, with a particular focus on customary and local communities.
- Takes into account the legal uncertainty related to land and carbon rights, and incorporates customary and informal land rights.
- Supports, where possible, ongoing tenure reforms, such as those linked to the recognition of customary land rights.
- Uses existing national frameworks and institutions and builds on existing benefit sharing mechanisms (such as PNPM, the Regional Incentive Mechanism, Special Allocation Funds etc.).
- Works across multiple channels, targeting key actors and programs, including communities, KPHs, local governments, concessions, and projects.

The benefit sharing mechanism will build on a number of existing and emerging mechanisms, including the National Community Empowerment Program (PNPM), performance based payments to subnational governments (Regional Incentive Mechanisms, or RIM), and the Fund for REDD+ (FREDDI).

### Transfers to villages: PNPM

PNPM is Indonesia's largest community-driven poverty reduction program. It works nationwide to provide funds to poor rural and urban communities so that they can invest in their own development priorities. The program has a number of sub-programs, including PNPM Rural, PNPM Generasi, and PNPM Green, with the latter being a potential model for REDD+.

PNPM Green is a promising financing instrument in areas where local communities can play a role in forest and peatland conservation and rehabilitation, as well as other ecosystem services such as mangrove rehabilitation and reef and watershed protection—all of which relate to climate change mitigation. In this regard, PNPM Green works very much like a small public works scheme or a small grant mechanism. Several factors could make PNPM Green an attractive model to REDD+ policymakers, including its possibility to support income generation potential; its participatory and demand-driven nature; its ability to manage conditional or performance-based block grants; its low overhead costs; and its potential compatibility with REDD+ objectives with an existing, tested, and functional architecture. More thoughts need to be given to redesign the mechanism to fit either larger scale operations and/or multiannual engagements.

PNPM Green projects receive high acceptance and approval rates among communities. The bottom-up involvement of communities through village-proposed and -managed processes ensures that the project selection process is genuinely demand-driven. The community-managed activities funded under PNPM Green are generally viewed as effective in terms of minimizing leakages of resources, as funds are allocated directly to communities through block grants. The program involves a great number of beneficiaries, with participation of women consistently high, both in the planning and implementation stages. PNPM shows good governance indicators, which is critical to successful payment schemes under REDD+ because, in Indonesia, weak governance tends to be correlated with areas where deforestation is greatest.

PNPM Green has targeted many activities, which are already eligible for REDD+ projects. In 2009, the program allocated the bulk of projects to natural resource management, conservation, renewable energy, and sustainable income-generating activities and projects. Relevant activities that have been financed range from agro-forestry and tree planting to reforestation and catchment area protection. These constitute a broad set of activities that could be funded by REDD+, as they strengthen local capacities, empower communities, and facilitate improvements in forest governance.

### Performance-based payments to regional governments

A Regional Incentive Mechanism (RIM) would provide performance-based payments to regional governments. The majority of payments would be made to district governments, which could then channel them to lower administrative levels (including the village level), but payments to provinces would equally be possible.

Payments would be provided principally on the basis of the achievement of agreed milestones and outcomes. There could also be a component to pay for the cost of implementing agreed measures, as part of an overall package to be negotiated between the central and each regional government. Participation by regional governments would be entirely voluntary.

The ideal way of defining RIM programs is through payments for measurable carbon outcomes, for example, actual carbon emissions evaluated against an agreed district-level carbon baseline. This would transmit the incentives received from the international level, and hence maximize Indonesia's access to and benefit from international carbon funding. It would also align local governments' incentives with those of the central government, and promote efficient action at the local level. However, in many instances it will be necessary to provide milestone-based payments, to

support activities where carbon outcomes are difficult to measure (as in the case of peat fires), or to avoid long delays between action and payment.

In other instances, it will be appropriate for the central government simply to pay for the implementation of climate change-related measures and programs at the local level. This may include capacity building and the establishment of the basic physical or institutional infrastructure necessary to underpin REDD activities.

#### Fund for REDD+ in Indonesia (FREDDI)

The REDD+ Agency is currently developing a funding instrument known as the Fund for REDD+ in Indonesia (FREDDI), which will play a central role in benefit distribution for the ER Program.

FREDDI's objectives are defined as follows:

- Support the emission reduction effort from deforestation and forest degradation in Indonesia;
- Support the implementation of REDD+ National Strategy as translated into provincial and district/city action plan;
- Support the establishment of and the institutional strengthening of REDD+ Agency and its entire organs;
- As a source of funds that is complimentary to the State Budget (APBN), Regional Budget (APBD) and other source of funds for the implementation of REDD+ in Indonesia;
- Develop a performance based mechanism for implementing REDD+ in Indonesia;
- Manage, disburse and mobilize REDD+ funds in an effective and sustainable manner

FREDDI's main principles are:

- Effectiveness, efficiency and fairness;
- Transparency and accountability;
- GoI leadership in the design, governance and management of the REDD+ funding instrument;
- Ensuring that PRISA is a main part of FREDDI operation and the implementation of REDD+;
- Flexibility to finance national initiatives, subnational priorities, competitive call for proposals lodged by stakeholders and small grants activities at the grass-roots level

FREDDI is designed to collaborate and channel funding with and to wide range of accredited Executing Agencies, which could include provincial and district government, NGOs, academic institutions, communities, private sector and other stakeholders that are fully responsible for creating innovations, enhancing local relevance and attracting more project proposals. FREDDI may also channel funding through Partner Agencies that possess the capacity to support the Executing Agencies for project implementation capacity and fund management. The Partner Agency will carry out monitoring and evaluation and be responsible for the performance of Executing Agencies.

FREDDI will be structured in four funding windows, each with specific rules on how the funds can be accessed by potential beneficiaries. Each of these windows will support different types of operations (investments, capacity building, budget support, etc.) and be targeted at different types of Executing Agencies (national government agencies, provincial government, NGOs, CBOs, private sector, etc.). The responsibility for allocating resources across the windows lies with the Board of Trustees based on annual priorities set out by the REDD+ Agency. It should be stressed that all funding provided by

FREDDI, regardless of the window, must contribute to the achievement of the goals set out in the National REDD+ Strategy.

#### 1. Strategic Window

Proposals would be identified and prepared by the REDD+ Agency and proposed to the Board of Trustees. This window would support

- priority programs set by the REDD+ Agency;
- emergency activities; and
- REDD+ readiness activities.

#### 2. Sub-National Priorities Window

This window would support strategic programs identified by provincial and district governments through their action plans and especially proposals emanating from the SRAP process. Provincial governments would submit proposals, including for budget support, to the Board of Trustees for approval.

#### 3. Competitive Window

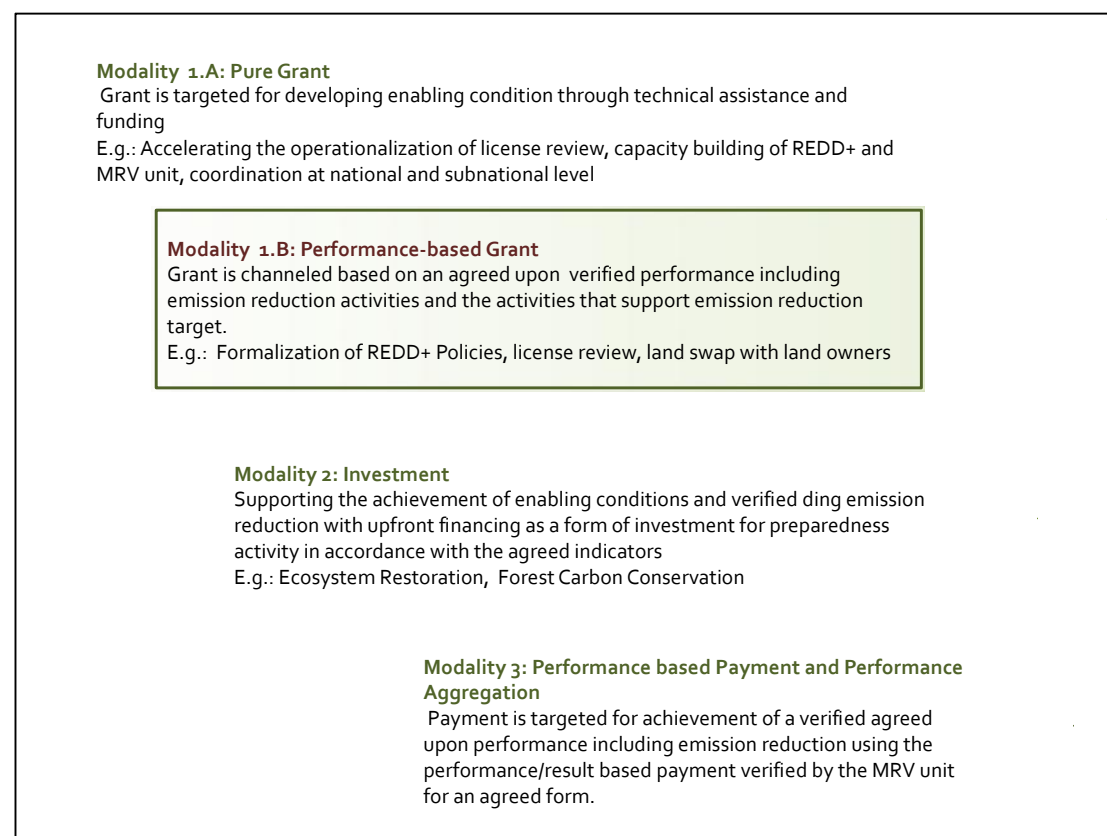
This window would be demand-driven through a well-managed system of grant competitions. Calls for proposals would be issued periodically or as needed. Project proposals could be submitted by a broad range of stakeholders and competitively selected.

#### 4. Small Grants Window

This window would involve financing of a Small Grants mechanism through an accredited Partner Agency specifically for small grants. Small-scale project proposals would be submitted by a broad range of stakeholders and competitively selected through a transparent process. Main recipients are local and indigenous communities, small-scale civil society, academic institutions and research organizations. Activities would include small-scale investments, technical assistance, policy work at the local level (e.g. *peraturan desa – peraturan kampung*), seed funding for community projects and capacity building, including for proponents that require institutional strengthening. Examples would include support to a community-based organization's communication on REDD, research and development, and SME development.

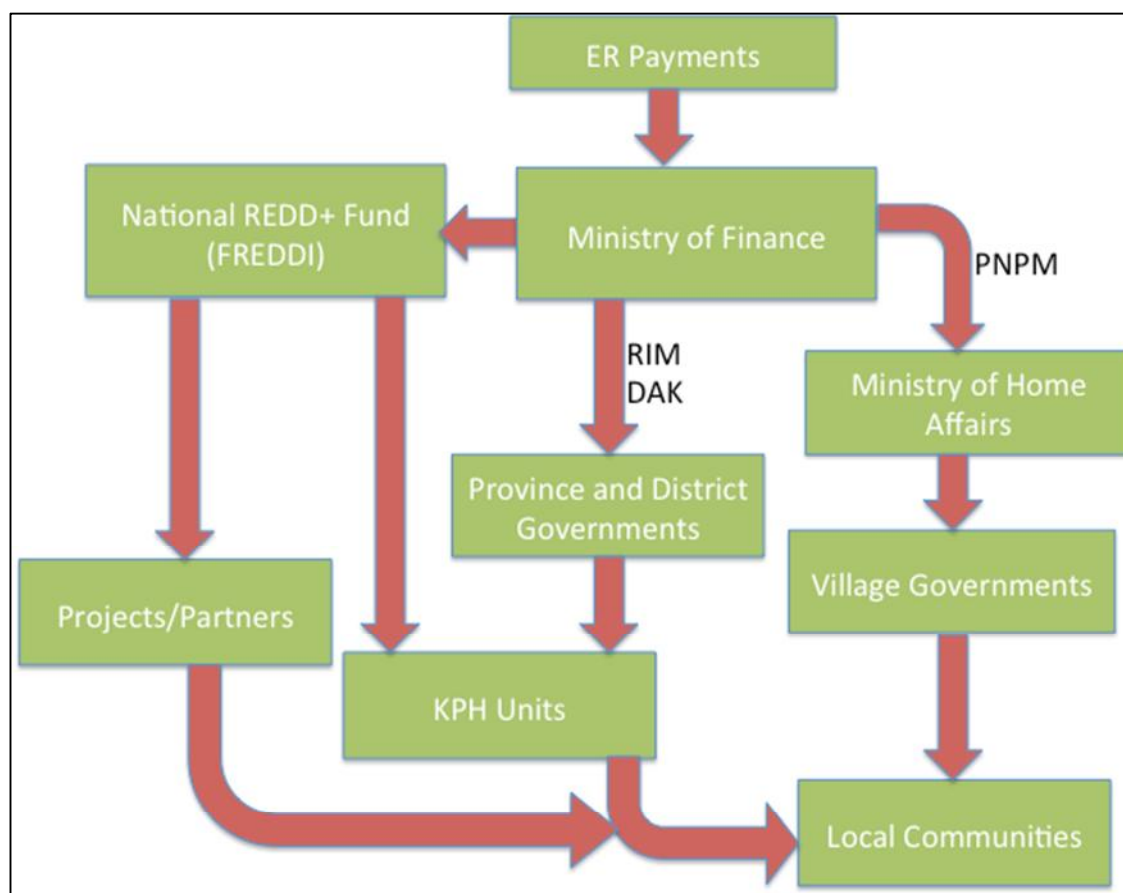
In order to accommodate various funding needs for different levels of urgencies, FREDDI is designed with three funding modalities that could be applied either in stages or simultaneously according to the predetermined phases and the strategic needs. These are: i) pure grant, including performance based grants; ii) investment; and iii) performance-based payments (see Figure 3).

**Figure 3: FREDDI Funding Modalities**



**15.2 Link between the envisioned benefit-sharing arrangement and the activities in the proposed ER Program.**  
*Please explain how these benefit-sharing arrangements would support the activities identified in section 5.3 to address the drivers of deforestation and forest degradation. Identify, if possible at this stage, potential issues or constraints that may emerge in development of the ER Program that could need additional progress in order to effectively implement the benefit-sharing mechanisms.*

The envisioned benefit sharing arrangement has several funding channels that match the actors and intermediaries in Indonesia's REDD+ landscape, including those that will be part of the proposed ER Program. All funding from the CF will likely flow through the Ministry of Finance. Support for KPHs and spatial issues will mainly flow to the district level governments, which are in charge of implementing these reforms. Such funding and ER payments can be channeled through the RIM or through a similar transfer mechanism that would most likely be administered by the Ministry of Finance. A significant portion of field-based activities will be carried out at the village and community levels, where PNPM or a PNPM-like mechanism would be applied. Funding for this could be channeled through the Ministry of Home Affairs, which manages the existing PNPM programs. The national REDD+ Fund, once fully established, would be able to channel funding directly to implementing partners, including NGOs and KPHs. These would be able to channel payments directly to local communities.

**Figure 4: Potential pathways for REDD+ Revenue Distribution****15.3 Progress on benefit-sharing arrangements**

*Describe the progress made thus far in the discussion and preparation of the benefit-sharing arrangements, and who has been participating in this process.*

There has been significant discussion of benefit arrangements in Indonesia, but a number of key gaps remain and the ER Program will play a critical role in accelerating the development of a national system by providing a framework for subnational implementation. More work needs to be done on establishing clear regulations on benefit sharing, particularly related to rights-based compensation for ERs.

An early attempt at defining a national framework for benefit sharing is the Ministry of Forestry Regulation Number 36 of 2009 (P36), which governs the licensing of REDD+ projects in the Kawasan Hutan and sets forth the proportions of revenue from the sale of Verified Emissions Reductions (VER) that communities, government, and project developers are entitled to. The decree specifies the sharing of revenues from REDD projects, setting out the shares to accrue to government (10–50%) depending on the type of forest where a project takes place), communities (20–70%), and private developers (20–60%). While the regulation was put in place to improve business certainty for REDD+ project developers, the legality of the decree has been challenged, as revenue-sharing provisions fall in the remit of the Ministry of Finance.



**Table 11: Distribution of REDD Revenue According to Ministerial Decree P 36/2009**

Forest Designation/License Type	Government	Community	Developer
Natural Forest Logging Concession (IUPHHK-HA)	20%	20%	60%
Plantation Concession (IUPHHK-HT)	20%	20%	60%
Ecosystem Restoration Concession (IUPHHK-RE)	20%	20%	60%
Community Plantation (IUPHHK-HTR)	20%	50%	30%
People's Forest (Hutan Rakyat)	10%	70%	20%
Community Forest (Hutan Kemasyarakatan)	20%	50%	30%
Customary Forest (Hutan Adat)	10%	70%	20%
Village Forest (Hutan Desa)	20%	50%	30%
Forest Management Unit (KPH)	30%	20%	50%
Special Use Forest (KHDTK)	50%	20%	30%
Protection Forest (Hutan Lindung)	50%	20%	30%

Source: Permenhut No. 36/2009

Since P36, significant progress has been made in identifying potential benefit sharing mechanisms (some of which are detailed in Section 15.1). The Fiscal Policy Office of the Ministry of Finance has led analytical work on Regional Incentive Mechanisms for REDD+. The Fiscal Policy Office's Green Paper spells out a longer-term strategic framework, grounded in economic principles and international experience that can guide climate policymaking. Consistent with this framework, the Green Paper sets out selected concrete strategies for fiscal and economic policies for climate change mitigation. It focuses on the energy sector, setting out a policy package for geothermal power; and on the land-use change and forestry sector, spelling out how regional climate change action can be incentivized through Indonesia's fiscal transfer mechanisms (see Section 15.1).

The Indonesia FCPF Readiness Program has carried out a number of activities that lay much of the groundwork for a national benefit sharing mechanism. Work on implementation frameworks has been ongoing and a study was prepared on benefit sharing options focusing on the central role of communities in relation to their land rights and access to forest land for meeting REDD+ objectives. National workshops discussed the existing gaps in regulations related to financing and benefit sharing, including local institutional frameworks.

The additional budget for the FCPF Readiness Program will be used in part for developing the benefit sharing mechanism. A key area of further FCPF Readiness activities is creating robust benefit sharing frameworks that are workable at the sub-national level and consistent with the national approach. Potential follow up activity with the Ministry of Finance is targeted at intergovernmental transfers. These activities will commence in 2014 in close cooperation with the FORDA, the Ministry of Finance and the REDD+ Agency.

The REDD+ Agency, largely related to the design of FREDDI, is also playing key role in providing analytical groundwork and potential mechanisms for benefit sharing and will help coordinate the development of a national system.

## 16. Non Carbon Benefits

### 16.1 Expected social and environmental benefits

Please describe the environmental and social benefits, other than emission reductions, that the proposed ER Program is planning to achieve; and any other ways in which the ER Program would contribute to broader sustainable development.

Actions and investments to reduce deforestation and degradation in Indonesia can produce important co-benefits. They include above all the improvement of local economies, and increased household incomes and poverty alleviation in forest-dependent communities. Other benefits can include higher national revenues from forestry activities, promotion of gender equity, provision of ecosystem services such as biodiversity, improved water quality, soil fertility, flooding and erosion control, reduction of forest fires, and maintenance of game habitat and fisheries.

The enormous store of biodiversity in the forests within the Program Area will ensure that the CF Program will contribute significantly to both national and global efforts to protect biodiversity. The table below summarizes some of the key biodiversity indicators of the three islands where the Program Area will be located. Monitoring of biodiversity levels, as well as of key species in the Program Area will be an important component of the MRV system.

**Table 12: Biodiversity in the Program Area**

Island	Key Biodiversity Indicators
Sulawesi	128 known mammalian species 79 of which are endemic. Babirusa ( <i>Babirusa babirusa</i> ) dwarf buffaloes ( <i>Anoa depressicornis</i> ) Cuscus bear ( <i>Ailurops ursinus</i> ) variety of tarsier primates 17 genera of birds 31% found nowhere else.
Kalimantan	210 mammal species 15,000 different flowering plants 44 endemic mammal species, including: Borneo orangutan ( <i>Pongo pygmaeus pygmaeus</i> ) Asian elephant ( <i>Elephantus maximus</i> ) Borneo clouded leopard ( <i>Neofelis nebulosadiardi</i> ) Borneo banteng ( <i>Bos javanicus lowi</i> ) Sun bear ( <i>Helarctos malayanus</i> ) Sumatran rhino ( <i>Dicerorhinus sumatrensis</i> )
Sumatra	210 species of mammals 16 endemic mammal species, including 8 threatened mammal species Sumatran tiger ( <i>Panthera tigris sumatrae</i> ) Malayan tapir ( <i>Tapirus indicus</i> ) 582 bird species, 14 endemic

In addition to contributing to the protection of Biodiversity, the Program will have a number of other important non-carbon benefits linked mainly to an improved investment climate for sustainable

investment and to improved opportunities for local communities to access land resources. The following table identifies a number of indicators linked to those expected benefits that could be used in monitoring of non-carbon benefits.

**Table 13: Other non-carbon benefits of the ER Activities**

Non-Carbon Benefits	Indicators
<b>1. Strengthening the KPH System</b>	
Improved management of KPH areas	Increased proportion of land under forest management licenses (HPH, HTR, HTI, HKM, HD)
Better monitoring and law enforcement	Reduced encroachment within KPH boundaries
More effective local participation in government planning processes and strengthened negotiating capacity.	Degree of local participation in governance platforms. Adoption of consultation protocols by KPHs.
<b>2. Improving spatial planning</b>	
Improved investment climate for sustainable land use.	Increased area of land under sustainable management (eg FSC, RSPO, etc)
Reduced conflict over land allocation	Reduced number of conflicts, increased proportion of conflicts in process of mediation.
<b>3. Supporting tenure reforms</b>	
Improved recognition of customary land claims.	Area of <i>adat</i> land registered. Decline in competing land claims and land related conflict.
Improved investment opportunities for local communities.	Increased area under local management, including smallholder oil palm, coco, CBFM.
<b>4. Community based activities</b>	
Improved alternative livelihood opportunities	Increased number of micro and small-scale businesses. Increased production of NTFPs.
<b>5. Activities related to land use businesses</b>	
Increased investment in degraded areas, enhancing their contribution to poverty reduction, timber production and environmental services.	Increased portion of agricultural expansion on degraded land. Hectares of land swapped.
Adoption of sustainable management practices.	Proportion of area under certified management (FSC, RSPO, ISPO)

#### **16.2 Diversity and learning value**

*Please describe the innovative features of the proposed ER Program and what learning value the proposed ER Program would bring to the FCPF Carbon Fund.*

The proposed ER Program would be an integral component of one of the most globally significant national REDD+ programs, and would provide significant learning value to the FCPF Carbon Fund and to other REDD+ initiatives.

The ER Program would be testing the jurisdictional approach to REDD+ in Indonesia, and this would provide important lessons for other countries pursuing a nested REDD+ system. Instead of focusing on a single island or province, the program will deal with up to 7 districts that are spread over 4 provinces and 3 islands. While it is recognized that this will create some challenges for program

management and carbon accounting, this is essentially simulating the national REDD+ framework that Indonesia and several other countries are currently pursuing.

Indonesia is taking a leading role in designing a REDD+ architecture and the CF Program would be an integral component of this. Indonesia has made significant progress in designing national and subnational REDD+ strategies with a view to implementing ER activities and participating in international ER payment schemes. The next steps will include the finalization of REL, MRV, benefit sharing mechanisms, and safeguards systems. The CF Program would be a critical part of this process and would provide valuable lessons for Indonesia and other REDD+ countries that are developing REDD+ systems at the subnational level.

The proposed program offers to test a comprehensive approach to REDD+ that covers policy-level changes as well as field-based activities. The ER program would support transformative changes in forest governance and spatial planning in one of the world's most significant forest regions. At the same time, channels will be put in place to provide incentives directly to actors in the field, including customary communities.

## **17. Progress on registries**

### **17.1 National registry**

*Please include a short description of the relationship of the proposed ER Program to national REDD+ activity management arrangements, and if the proposed ER Program will be part of any system to track REDD+ or other emissions reduction activities (e.g., a REDD+ registry).*

The Program Design Phase will be used to develop the approach to integrate the ER Program Activities into the national Registry.

Indonesia's REDD+ Registry is a system designed to improve coordination of REDD+ activities. In this respect, its relationship to the ER Program is that the registry will provide data and information on REDD+ activities - both enabling and direct emission reduction - activities underway or completed in Indonesia. The registry itself does not yet provide sophisticated monitoring and evaluation facilities although such facilities are planned to be incorporated in the future. It does provide, in addition to standard project-management data, information regarding each "location" of a given project and each location's REL and supporting documents justifying the methodology used and REL calculation. In addition, each of the activities undertaken in each location will include safeguards and summary budgeting information.

Although the linking of the Registry with MRV systems and those of the Financial Instrument are yet to be explored, it is envisaged that the Registry will maintain the initial information received by the REDD+ Agency for project approval, and then this information will be used as a basis for establishing the on-going monitoring facilities of the respective MRV and Financial systems. The former directly concerned with carbon emission reduction and carbon stock calculations.

**18. List of acronyms used in the ER-PIN***Please include an explanation of any institutional or other acronyms used. Add rows as necessary.*

Acronym	Meaning
AMAN	Aliansi Masyarakat Adat Nasional (Indigenous Peoples Alliance of the Archipelago)
APHI	Indonesian Concessionaires Association (Asosiasi Pengusaha Hutan Indonesia)
Bappeda	Provincial Development Planning Agency (Badan Perencanaan Pembangunan Daerah)
Bappenas	National Development Planning Agency (Badan Perencanaan Pembangunan Nasional)
BESTARI	Bersih Sehat Alam Lestari
BFCP	The Berau Forest Carbon Program
BMZ	German Federal Ministry for Economic Cooperation and Development
BRWA	Badan Registrasi Wilayah Adat (Customary Land Registration Agency)
CBFM	Community-Based Forest Management
CF	Carbon Fund
CIFOR	Center for International Forestry Research
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DBH	Diameter at Breast Height
DKN	National Forestry Council (Dewan Kehutanan Nasional)
DNPI	National Council for Climate Change (Dewan Nasional Perubahan Iklim)
ER-PD	Emission Reduction-
ERPA	Emission Reductions Payment Agreement
ERPA	Emissions Reduction Payment Agreement
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FCPF FMT	FCPF Facility Management Team
FFI	Flora and Fauna International
FGD	Focus Group Discussion
FGRM	Feedback and Grievance Redress Mechanism
FIP	Forest Investment Program
FLEG	Forest Law Enforcement and Governance
FORCLIME	Forests and Climate Change Program
FORDA	Forest Research and Development Agency of the Ministry of Forestry
FORDA	Forestry Research and Development Agency
FPIC	Free and Prior Informed Consent
FREDDI	Funds for REDD+ in Indonesia
FRL	Forest Reference Level
FSC	Forest Stewardship Council
GFTN	Global Forest Trade Network
GL-AFOLU	Guidelines Agriculture, Forestry and Other Land Use
GPG	Good Practice Guidance
HCV	High Conservation Values
HCVF	High Conservation Value Forest
HD	Village Forest (Hutan Desa)
HKm	Community Forest (Hutan Kemasyarakatan)
HOB	Heart of Borneo
HPH	Logging Concession
HTI	Industrial Timber Plantation (Hutan Tanaman Industri)
HTR	Community Plantation Forest (Hutan Tanaman Rakyat)
ICRAF	World Agroforestry Center
IPCC	Intergovernmental Panel on Climate Change
IREDD	Impact Reducing Emission from Deforestation and Degradation

Acronym	Meaning
ISPO	Indonesian Sustainable Palm Oil
IUCN	International Union for Conservation of Nature
IUPHHK-HA	Business Permit for Timber Forest Product Utilization – Nature Forest (Izin Usaha Pemanfaatan Hasil Hutan Kayu – Hutan Alam)
IUPHHK-HT	Plantation Concession
IUPHHK-HTR	Community Plantation License
IUPHHK-RE	Ecosystem Restoration Concession
JALA	Jaringan Pengelolalaan
KFCP	Kalimantan Forest Carbon Partnership
KHDTK	Special Use Forest
KKI	The Indonesian Conservation Community (Komunitas Konservasi Indonesia)
KPH	Forest Management Units (Kesatuan Pemangkuan Hutan)
KPK	Anti-Corruption Commission (Komisi Pemberantasan Korupsi)
LTB	Lembaga Tiga Beradik
MCC	Millennium Challenge Corporation
MCC	Millenium Challenge Corporation
MoHA	Ministry of Home Affairs
MoU	Memorandum of Understanding
MRV	Measurement Reporting and Verification
NAMA	National Appropriate Mitigation Actions
NFI	National Forest Inventory System
NFMS	National Forest Monitoring System
NGO	Non-Governmental Organization
NKB 12	Memorandum of Mutual Agreement (Nota Kesepahaman Bersama (NKB) 12 Kementerian)
NORAD	The Norwegian Agency for Development Cooperation
NTFP	Non Timber Forest Product
OPANT	The Ngata Toro Customary Women's Organization
PES	Payments for Environmental Services
PNPM	National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat)
PRISAI	Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (Prinsip, Kriteria, Indikator, Safeguards Indonesia)
PSP	Permanent Sample Plot
Puspijak	Center for Research and Development and Climate Change Policy (Pusat Penelitian Perubahan Iklim dan Kebijakan)
Pustanling	Center for Standardization and Environment (Pusat Standardisasi dan Lingkungan)
RAD GRK	Regional Action Plans to Reduce Green House Gases (Rencana Aksi Daerah Penurunan Emisi Gas Rumah Kaca)
RAN GRK	National Action Plan to Reduce Green House Gases Emissions (Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca)
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REL	Reference Emission Level
RIL	Reduced Impact Logging
RIM	Regional Incentive Mechanisms
RKTN	National Forestry Plan (Rencana Kehutanan Tingkat Nasional)
RSPO	Roundtable for Sustainable Palm Oil
RTRW	Regional Spatial Plans (Rencana Tata Ruang Wilayah)
SCBFWM	Strengthening Community-Based Forest and Watershed Management Program
SDATTG	The Directorate of Village Natural Resources and Appropriate Technology (Sumber Daya Alam dan Teknologi Tepat Guna Perdesaan)
SESA	Strategic Environmental and Social Assessment
SIPUHH	Administration of Forest Information System (Sistem Informasi Penatausahaan Hasil Hutan)
SIS REDD+	Safeguards Information System for REDD+

Acronym	Meaning
SNV	The Netherlands Development Organization
SRAP	Strategy and Action Plans at Provincial Level
SVLK	Timber Legality Verification Standard
TBI	The Borneo Initiative
TFCA II	Tropical Forest Conservation Act
TNC	The Nature Conservancy
TSP	Temporary Sample Plots
UKP4	Presidential Work Unit for Development Monitoring and Control (Unit Kerja Presiden Bidang Pengawasan dan Pengendalian Pembangunan)
UNDP	United Nations Development Program
UNDP	United Nations Development Program
UNEPFI	United Nations Environment Programme Finance Initiative
UNFCCC	United Nations Framework Convention on Climate Change
VER	Verified Emissions Reductions
WARSI	The Indonesian Conservation Community (WARSI)
WWF	World Wildlife Fund
YAKOBI	Yayasan Komunitas Belajar Indonesia

**Annex I: Financing plan summary table**

Expected uses of funds	Description	Breakdown per year					
		2015	2016	2017	2018	2019	2020
Costs related to developing the ER Program							
MRV design and investment	Verification of sample plots, augmentation of sample plots, capacity building, consultation and outreach	1,000,000	1,000,000				
Finalization of REL	Support for One Map initiative in Program Area, consultation and outreach	500,000	500,000				
FGRM design and benefit sharing mechanism development	Capacity building, consultation and outreach	300,000	300,000				
ER-PD Development	Identification of partners, finalizing institutional design, consultation	300,000	200,000				
Analytical work	Assessment of land rights in Program Area, participative processes	200,000	150,000				
Operational and implementation costs							
Support for KPH	Institutional capacity building, training, equipment, staffing, planning, mapping, outreach to communities, monitoring	5,000,000	5,000,000	5,000,000	5,000,000	4,000,000	3,000,000
Support for spatial planning and tenure reforms	Participatory mapping, conflict resolution, land registration, capacity building, legal and policy reforms	8,000,000	8,000,000	8,000,000	8,000,000	6,000,000	4,000,000
Community based activities	Support for CBFM, alternative livelihoods, yield improvements, capacity building, fire control.		20,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Activities related to forest concessions and estate crops	Capacity building for RIL, BMPs, support for certification systems, land swaps.		10,000,000	15,000,000	15,000,000	15,000,000	15,000,000



<i>MRV and FGRM</i>	<i>Maintenance of systems, data collection, compilation, verification</i>			1,000,000	1,000,000	1,000,000	1,000,000
<b>Total uses</b>		15,300,000	45,200,000	50,000,000	50,000,000	47,000,000	44,000,000
<b>Expected sources of funds</b>	<b>Description</b>						
<i>Indonesia-Norway Partnership (LOI, grants)</i>	A significant amount in funding for the participating districts, coordinated by the REDD+ Agency, mainly for readiness is expected and to be confirmed during the design phase.						
<i>FCPF Readiness Funding (grants)</i>	Up to \$2.5m in REDD+ readiness funding for the participating districts.		1,250,000	1,250,000			
<i>Government budget</i>	<i>Approximately \$1.4m per year for KPH development in participating districts. Additional \$1.6m per year expected for spatial planning</i>	1,400,000	2,000,000	3,000,000	1,600,000	1,600,000	1,600,000
<i>Berau Forest Carbon Partnership (grants)</i>			10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<i>Kutai Barat program (grants)</i>			16,500,000	16,500,000	16,500,000	16,500,000	16,500,000
<i>Funding from other donor partners</i>	<i>Other donors/NGOS will be identified during Program Design and are expected to fill the main funding gaps.</i>						
<i>Revenue from sale of Emission Reductions (contracted to CF)</i>					96,505,051		96,505,051
<i>Revenue from sale of additional Emission Reductions (not yet contracted)</i>					10,722,783		10,722,783
<b>Total sources (before taxes)</b>		1,400,000	29,750,000	30,750,000	135,327,835	28,100,000	135,327,835
<b>Net revenue before taxes (=total sources – total uses)</b>		-13,900,000	-15,450,000	-19,250,000	85,327,835	-18,900,000	85,327,835

## **ENDORSEMENT LETTER FROM SEVENTH DISTRICTS**



**PEMERINTAH DAERAH PROPINSI SULAWESI TENGAH**  
**DINAS KEHUTANAN**

Jl. S. Parman No. 9 Telp. 421260, 421261 Fax. (0451) 426860 Palu  
Email [info@dishut.sulteng.go.id](mailto:info@dishut.sulteng.go.id) Website. [www.dishut.sulteng.go.id](http://www.dishut.sulteng.go.id)

**SURAT PERNYATAAN BERMINAT ATAU KETERTARIKAN**  
**UNTUK MENGIKUTI PROGRAM FCPF CF 2014**

Yang bertanda tangan di bawah ini :

Nama : Ir. H. NAHARDI, MM  
NIP : 19621231 198703 1 006  
Jabatan : Kepala Dinas Kehutanan Daerah Provinsi Sulawesi Tengah  
Instansi : Dinas Kehutanan Daerah Provinsi Sulawesi Tengah  
Jl. S. Parman No. 9 Palu  
Provinsi : Sulawesi Tengah

Dengan ini menyatakan berminat untuk mengikuti program FCPF Carbon Fund dan bersedia menyediakan data/informasi pendukung penyusunan proposal ER PIN CF.

Palu, April 2014  
KEPALA DINAS KEHUTANAN DAERAH  
PROVINSI SULAWESI TENGAH,  
  
Ir. H. NAHARDI, MM  
Pengarah Utama Madya  
19621231 198703 1 006



**PEMERINTAH KABUPATEN DONGGALA**  
**DINAS KEHUTANAN DAN PERKEBUNAN**


JALAN JATI NO. TELP. ( 0457 ) 71484 – FAX. (0457) 71454 DONGGALA

**SURAT PERNYATAAN BERMINAT ATAU KETERTARIKAN UNTUK  
MENGIKUTI PROGRAM FCPF CF 2014**

N a m a	:	ANHAR, S.Hut.,M.Si
Jabatan	:	Kepala Dinas
Instansi	:	Dinas Kehutanan dan Perkebunan
Kabupaten	:	Donggala
Provinsi	:	Sulawesi Tengah

Dengan ini menyatakan berminat untuk mengikuti program FCPF Carbon Fund dan bersedia menyediakan data/informasi pendukung penyusunan proposal ER PIN CF.

KEPALA DINAS



**ANHAR, S.Hut. M.Si**  
Pembina Tkt. I  
NIP. 19710105 199603 1 004



**PEMERINTAH KABUPATEN TOLITOLI**  
**SEKRETARIAT DAERAH**

Jln. Bukit Sumalikat Nomor : 19, Dinopi Kelurahan Nahu Tolitoli Sulawesi Tengah, Kode Pos 94513  
Telp. (0453) 2525014 Fax. (0453) 2525014

**Surat Pernyataan Berminat atau Ketertarikan untuk**  
**Mengikuti Program FCPF CF Tahun 2014**

Nama	:	Ir. Hi. NURDIN H. K., SE., MM.
Jabatan	:	Sekretaris Daerah Kabupaten Tolitoli
Instansi	:	Sekretariat Daerah Kabupaten Tolitoli
Kabupaten/ Propinsi	:	Kabupaten Tolitoli / Propinsi Sulawesi Tengah

Dengan ini menyatakan berminat untuk mengikuti program FCPF Carbon Fund dan bersedia menyediakan data/informasi pendukung penyusunan proposal ER PIN CF

Tolitoli, 25 April 2014



**SEKRETARIS DAERAH**

**Ir. Hi. NURDIN H. K., SE., MM.**  
Pembina Utama Madya (IV/d)  
NIP. 19590107 198703 1 009

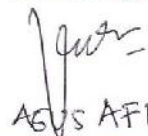
**KOP SURAT PEMERINTAH DAERAH**

**Surat Pernyataan Berminat atau Ketertarikan untuk  
Mengikuti Program FCPF CF 2014**

<b>N a m a</b>	:	AGUS AFIFUDDIN, S.ST, M-G
<b>Jabatan</b>	:	KEPALA BIDANG EKONOMI
<b>Instansi</b>	:	BAPPEDA
<b>Kabupaten, Propinsi</b>	:	KUTAI BARAT KALTIM

Dengan ini menyatakan berminat untuk mengikuti program FCPF Carbon Fund dan bersedia menyediakan data/informasi pendukung penyusunan proposal ER PIN CF


Tanda Tangan



AGUS AFIFUDDIN  
Nama Lengkap



POH 1 SENTEL BERAU FAX 00 105543777 To → 0251 - 863492

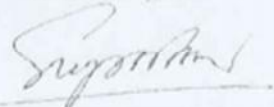
 **PEMERINTAH KABUPATEN BERAU**  
**SEKRETARIAT DAERAH**  
 JL. APT PRANOTO NO. 01 TELP (0554) 21008, 21076, 21015 FAX 21068  
 TANJUNG REDEB

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**SURAT PERNYATAAN BERMINAT ATAU KETERTARIKAN UNTUK  
 MENGIKUTI PROGRAM FCPF CF 2014**

NAMA	:	Ir. SUPARNO KASIM
JABATAN	:	ASISTEN PEREKONOMIAN DAN PEMBANGUNAN
INSTANSI	:	SEKRETARIAT DAERAH KABUPATEN BERAU
KABUPATEN, PROPINSI	:	KABUPATEN BERAU, PROPINSI KALIMANTAN TIMUR

Dengan ini menyatakan berminat untuk mengikuti program FCPF Carbon Fund dan bersedia menyediakan data/informasi pendukung proposal ER PIN CF.

Tanda Tangan,  
  
IR. SUPARNO KASIM



## BUPATI KAPUAS

Surat Pernyataan Berminat atau Ketertarikan untuk mengikuti  
Program FCPF CF 2014

Nama : Ir. H. MUHAJIRIN, MP  
Jabatan : Wakil Bupati  
Kabupaten : Kapuas  
Propinsi : Kalimantan Tengah

Dengan ini menyatakan berminat untuk mengikuti program FCPF (Forest Carbon Partnership Fund) Carbon Fund dan bersedia menyediakan data/informasi pendukung penyusunan proposal ER (Emission Reduction) PIN (Program Idea Note) CF (Carbon Fund).

Kapuas, 28 April 2014





PEMERINTAH KABUPATEN MERANGIN  
**BADAN PERENCANAAN PEMBANGUNAN DAERAH  
 (BAPPEDA)**  
 JALAN JENDERAL SUKIRMAN NO. 04 TELEFON (0746) 21288 FAX (0746) 21288  
 BANGKO

**SURAT PERNYATAAN BERMINAT ATAU KETERTARIKAN  
 UNTUK MENGIKUTI PROGRAM  
 FOREST CARBON PARTNERSHIP FACILITY CARBON FUND (FCPF CF) 2014**

Nama	M. Arief RH. MUM
Jabatan	Kepala Badan
Instansi	Badan Perencanaan Pembangunan Daerah
Kabupaten, Provinsi	Kabupaten Merangin, Provinsi Jambi

Dengan ini menyatakan berminat untuk mengikuti program Forest Carbon Partnership Facility (FCPF) Carbon Fund (CF) dan bersedia menyediakan data/informasi pendukung penyusunan proposal Emission Reduction (ER) Program Idea Note (PIN) Carbon Fund (CF) 2014

Bangkok 28 April 2014

**BAPPEDA**  
 M. Arief RH. MUM  
 Pembina  
 Nip. 19690626 199303 1 005



## BUPATI BUNGO

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### SURAT PERNYATAAN BERMINAT MENGIKUTI PROGRAM FCPF CF 2014

Nama : H. SUDIRMAN ZAINI, SH, MH  
Jabatan : BUPATI BUNGO  
Kabupaten : BUNGO  
Provinsi : JAMBI

Dengan ini menyatakan berminat untuk mengikuti program FCPF Carbon Fund dan bersedia menyediakan data/informasi pendukung penyusunan proposal ER PIN CF.

BUPATI BUNGO,  
  
H. SUDIRMAN ZAINI, SH, MH



KEMENTERIAN KEHUTANAN  
**SEKRETARIAT JENDERAL**

**KEPUTUSAN**  
**SEKRETARIS JENDERAL KEMENTERIAN KEHUTANAN**

Nomor : SK.161/II-REN/2014

TENTANG

**PENETAPAN TIM PELAKSANA PENYUSUNAN PROPOSAL**  
**EMISSION REDUCTIONS PROGRAM IDEA NOTE (ER-PIN)**  
**FOREST CARBON PARTNERSHIP FACILITY (FCPF) INDONESIA**

**SEKRETARIS JENDERAL**

- Menimbang : a. bahwa dalam rangka mengelola kegiatan kerjasama REDD+ Readiness Preparation FCPF 2011 – 2014 perlu dibentuk tim Terpadu Pelaksana Penyusunan Proposal ER-PIN Forest Carbon Partnership Facility;
- b. bahwa dalam rangka penyusunan Proposal ER-PIN perlu dibentuk tim kerja untuk menjamin tercapainya penyusunan Proposal ER-PIN memenuhi persyaratan yang ditetapkan oleh FCPF;
- c. bahwa berdasarkan pertimbangan sebagaimana dimaksud pada huruf a dan huruf b, perlu ditetapkan Keputusan Sekretaris Jenderal tentang Penetapan tim Kerja Pelaksana Penyusunan Proposal ER-PIN Forest Carbon Partnership Facility.
- Mengingat : 1. Undang-undang Nomor 41 Tahun 1999 tentang Kehutanan sebagaimana telah diubah dengan Undang-undang Nomor 19 Tahun 2004;
2. Peraturan Pemerintah Nomor P.44 Tahun 2004 tentang Perencanaan Hutan;
3. Peraturan Presiden Nomor 61 Tahun 2011 tentang Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca (RAN-GRK);
4. Peraturan Menteri Kehutanan Nomor P.30/Menhut-II/2009 tentang Pengurangan Emisi Karbon dari Deforestasi dan Degradasi Hutan;
5. Peraturan Menteri Kehutanan Nomor P.36/Menhut-II/2009 tentang Tatacara Perizinan Usaha Pemanfaatan Penyerapan dan/atau Penyimpanan Karbon pada Hutan produksi dan Hutan Lindung;
6. Peraturan Menteri Kehutanan Nomor P.40/Menhut-II/2010 tentang Organisasi dan Tata Kerja Kementerian Kehutanan sebagaimana telah diubah dengan Peraturan Menteri Kehutanan Nomor P.33/Menhut-II/2012;
7. Peraturan Menteri Kehutanan Nomor P.20/Menhut-II/2012 tentang Penyelenggaraan Karbon Hutan;
8. MoU Forest Carbon Partnership Facility (FCPF) Grant No. TF 99721-ID Tanggal 14 Juni 2011
9. Keputusan Sekretaris Jenderal Kementerian Kehutanan Nomor SK. 101/II-Kum/2011 tentang Pembentukan Tim Pengarah Kegiatan REDD+ Readiness Preparation Kerjasama dengan Program Forest Carbon Partnership Facility (FCPF).

MEMUTUSKAN:

- Menetapkan : KEPUTUSAN SEKRETARIS JENDERAL TENTANG PENETAPAN TIM KERJA PENYUSUNAN PROPOSAL EMISSION REDUCTIONS PROGRAM IDEA NOTE (ER-PIN) FOREST CARBON PARTNERSHIP FACILITY (FCPF) INDONESIA
- KESATU : Menetapkan Tim Kerja Penyusunan Proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia
- KEDUA : Tugas dan Tanggung Jawab Tim Kerja Penyusunan Proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia sebagaimana tercantum pada lampiran keputusan ini;
- KETIGA : Tim Kerja Penyusunan Proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia bertanggung jawab kepada Sekretaris Jenderal Kementerian Kehutanan melalui Kepala Pusat Penelitian dan Pengembangan Perubahan Iklim dan Kebijakan, Badan Penelitian dan Pengembangan Kehutanan;
- KEEMPAT : Biaya pelaksanaan Penyusunan Proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia dibebankan pada Anggaran Forest Carbon Partnership Facility (FCPF) pada DIPA BA 29 Tahun 2014 Pusat Penelitian dan Pengembangan Perubahan Iklim dan Kebijakan Tahun 2014
- KELIMA : Keputusan ini mulai berlaku sejak tanggal ditetapkan. Waktu penyelesaian proposal adalah tanggal 14 Mei 2014. Proposal akan dipresentasikan pada acara FCPF Carbon Fund Participant Meeting bulan Juni 2014.

Ditetapkan di Jakarta  
pada tanggal 13 Mei 2014  
  
SEKRETARIS JENDERAL,  
HADI DARYANTO  
NIP. 19571020 198203 1 002

Salinan Keputusan Ini  
disampaikan kepada Yth. :  
1. Menteri Kehutanan  
2. Badan Pengelola REDD+



LAMPIRAN KEPUTUSAN SEKRETARIS JENDERAL  
SEKRETARIAT JENDERAL KEMENTERIAN KEHUTANAN

Nomor : SK.161/JI-REN/2014  
Tanggal : 13 Mei 2014

SUSUNAN TIM KERJA PENYUSUNAN PROPOSAL EMISSION REDUCTIONS  
PROGRAM IDEA NOTE (ER-PIN) FOREST CARBON PARTNERSHIP FACILITY  
(FCPF) INDONESIA

1. Penanggung Jawab : Sekretaris Jenderal Kementerian Kehutanan
2. Steering Committee :
  1. Staf Ahli Menteri Bidang Lingkungan dan Perubahan Iklim
  2. Kepala Pusat Standardisasi dan Lingkungan, Sekretariat Jenderal Kementerian Kehutanan
  3. Kepala Pusat Penelitian dan Pengembangan Perubahan Iklim dan Kebijakan, Badan Penelitian dan Pengembangan Kehutanan
3. Tim Kerja :
  1. Dr. Zahrul Muttaqin, S.Hut, M.For. Sc
  2. Ir. Achmad Pribadi, M.Sc
  3. Dr. Niken Sakuntaladewi, M.Sc
  4. Ir. Ari Wibowo, MSc
  5. Radian Bagiono, S.Hut, M.Sc
  6. Ir. Subardi, M.Wood.Sc
  7. Iwan Wibisono, S.Hut, MSc
  8. Rebekka Angelyn
4. Sekretariat : Bidang Pengembangan Data dan Tindak Lanjut Hasil Penelitian, Pusat Penelitian dan Pengembangan Perubahan Iklim dan Kebijakan, Badan Penelitian dan Pengembangan Kehutanan.

Dibuatkan di : Jakarta  
Pada tanggal : 13 Mei 2014  
SEKRETARIS JENDERAL,  
  
HADI DARYANTO  
NIP.19571020 198203 1 002

LAMPIRAN KEPUTUSAN SEKRETARIS JENDERAL  
SEKRETARIAT JENDERAL KEMENTERIAN KEHUTANAN

Nomor : SK.161/JI-REN/2014  
Tanggal : 13 Mei 2014

TUGAS DAN TANGGUNG JAWAB TIM KERJA PENYUSUNAN PROPOSAL  
EMISSION REDUCTIONS PROGRAM IDEA NOTE (ER-PIN) FOREST  
CARBON PARTNERSHIP FACILITY (FCPF) INDONESIA

**1. Penanggung Jawab**

- a. Bertanggung jawab terhadap seluruh tahapan proses penyusunan proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia
- b. Memberikan garis kebijakan terhadap proses penyusunan proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia

**2. Steering Committee**

Menetapkan kebijakan dan arah kegiatan penyusunan proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia

**3. Tim Kerja**

- a. Mengkoordinasikan penyusunan proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia
- b. Memonitor dan mengevaluasi kemajuan penyusunan proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia
- c. Melaporkan perkembangan kegiatan kepada Penanggung Jawab.
- d. Membantu menyiapkan dan menyusun proposal Emission Reduction Program Idea Note (ER-PIN) Forest Carbon Partnership Facility (FCPF) Indonesia

**4. Sekretariat**

- a. Bertanggung jawab dalam pengadministrasian kegiatan (surat menyurat / korespondensi dan pengarsipan).
- b. Membantu koordinator melakukan monitoring dan evaluasi.

Ditetapkan di : Jakarta  
Tanggal : 13 Mei 2014  
SEKRETARIS JENDERAL,  
  
HADI IDHARYANTO  
NIP.19571020 198203 1 002