

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF099721  
Printed On: 12/02/2016

Reporting Period: 07/01/2015 to 06/30/2016  
Report Type: Progress Report  
Report Status: Approved

Assignment: TF099721

## Indonesia - FCPF Readiness Preparation Grant FCPFR - FOREST CARBON PARTNERSHIP FACILITY

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Summary Information	
TF Status	ACTV
Recipient Country	Indonesia
Executed By	Recipient
Managing Unit	9269 - GEN2A
Grant Start Date / End Date	06/10/2011 to 05/31/2017
Original Grant Amount	3,196,428.00
Grant Amount	3,196,428.00
Outstanding Commitments	0.00
Cumulative Disbursements	3,045,068.19 as of 06/30/2016
Disbursed 07/01/2015 to 06/30/2016	278,729.29
Donor	TF602001 - MULTIPLE DONORS

This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program(FCPFR), Disbursements.

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## OVERVIEW

### Overall Assessments

#### Grant Objectives:

The Development Objective of this grant is to contribute to the development of Indonesia's capacity to design a sound national REDD+ strategy, develop national and sub-national reference scenarios and establish a forest monitoring and carbon accounting system, consistent with local, regional and national conditions and circumstances

#### Overall progress from 07/01/2015 to 06/30/2016 with regard to Achieving Grant Objectives:

##### Comment:

Indonesia has made significant progress towards national REDD+ Readiness. At the national level, the REDD+ implementation framework has advanced significantly: the REDD+ Strategy has been finalized; and the Forest Reference Emission Level (FREL), the National Forest Monitoring System (NFMS), Measurement, Reporting and Verification (MRV) mechanism and Safeguards Information System for REDD+ (SIS REDD+) have been established. However, the system is not yet fully operational, as consolidation and agreement on final architecture, responsibilities, and funding is not yet clear. For example, options for some technical elements of the REDD+ implementation framework (e.g. national MRV system, registry system, and, partially, safeguards) have been developed and are available at national level. However, there has not yet been a final decision as to which systems will be formally adopted and used for national REDD+ implementation (including through revisions to the policy framework). In addition, the operationalization of these systems at a sub-national level has not yet been completed. The project aims to support this process. In so doing, it has supported capacity building of institutions and stakeholders involved in the implementation of REDD+ activities at both national and sub-national level on various readiness related themes/topics, and supported an extensive knowledge dissemination effort to increase awareness of stakeholders at sub-national level related to climate change and REDD+, with a strong emphasis on the role of local universities.

Following the presidential election in 2014, the Government of Indonesia (Gol) underwent a significant institutional reform, resulted in the creation of new Ministry of Environment and Forestry (MOEF) (combining the Ministry of Environment and the Ministry of Forestry) along with the roles and functions of two agencies (the REDD+ Agency and the National Council on Climate Change). During the institutional reorganization, a new Directorate General of Climate Change was created under MOEF, in which roles and functions of all institutions responsible for climate change issues were integrated. While the transition process and restructuring of the MOEF resulted in delayed implementation of many project activities, the project has continued to show modest progress, particularly those activities focused on the forest carbon monitoring database (part of the NFMS) through development of Permanent Sample Plots (PSPs), training for carbon accounting and monitoring, dissemination of knowledge and information for wider public, and supporting the process and revision of Emission Reduction-Project idea Note (ER-PIN).

Nevertheless, the project has proven to be significant in advancing the Indonesian REDD+ #Readiness Phase#, particularly with regards to technical inputs and analytical works that feed into the development of the REDD+ implementation framework (FREL, NFMS/MRV, safeguards, benefit sharing mechanism), and capacity building activities and stakeholder engagement particularly at sub-national level. The latter contributed to an increased capacity, awareness, knowledge and active involvement of multi-stakeholders (local government agencies, university, local communities, NGOs, etc.). Continued support to advance national REDD+ readiness in terms of institutional and technical capacity at all levels will be very important for Indonesia as it enters into REDD+ implementation such as through preparation of the FCPF Carbon Fund Emissions Reduction program proposal.

#### Overall progress from 07/01/2015 to 06/30/2016 with regard to Implementation of Grant Financed Activities:

##### Comment:

The Implementation progress rating has been upgraded from MU to MS. Despite some delays in implementation due largely to the institutional changes in the Ministry that in turn resulted in delays in the budget approval process (DIPA), the overall implementation has significantly improved. The Gol has finished most of the activities proposed in the 2015 work plan, including i) development of new Permanent Sample Plots (PSPs); ii) enumeration activity of the new PSPs and re-enumeration for the existing ones; and iii) support dissemination of knowledge and information support to increase knowledge, awareness and understanding related to climate change and REDD+ at national and subnational level.

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In addition, the Gol showed strong commitment to participate in the Emission Reduction Program under FCPF Carbon Fund and made progress. It used project resources to support the preparation and development of the Emission Reduction-Project Idea Note (ER-PIN) through a participatory process with a series of public national and sub-national consultations. This preparation process was led by MoEF and the (former) REDD+ Agency in close coordination with Bappenas, Ministry of Finance, sub national government agencies, national and regional level NGOs/CSOs, as well as local and masyarakat adat communities. As reported in the previous GRM, the ER-PIN was presented in the eleventh Carbon Fund Meeting held in October 2014. During this meeting Indonesia was provisionally included into the Emission Reduction Program pipeline and a budget of up to US\$ 650,000 was allocated to support the development of Indonesia ER-PIN into an Emission Reduction Program Document (ER-PD) and the costs associated with such development, including the World Bank's due diligence. Disbursement of this budget would be made following the approval of ER-PIN by the CFPs and signing of a Letter of Intent (LoI) between the World Bank and Gol. The fund participants also provided a number of substantive comments to the ER-PIN. A revised ER-PIN that incorporates comments received including from the Facility Management Team (FMT) and the Bank task team has been revised and submitted to the FMT in April 29, 2016. The ER-PIN was discussed at the Participants Committee meeting held in Paris on June 23, 2016 and included in the FCPF CF program pipeline.

With regards to safeguards, the progress is uneven, largely reflective of the integration of safeguards systems that were developed in parallel and supported by various donors: PRISA1 (Indonesia REDD+ Safeguards Principles, Criteria and Indicators), was developed to screen REDD+ projects in order to receive results-based payment, and SIS REDD+ (Safeguards Information System for REDD+), which is aimed at collecting, processing, analyzing and presenting data and information that is required on how safeguards are managed and complied with in various activities. These two activities were supported by the former REDD Agency and Ministry of Forestry, respectively.

Next steps for SESA and ESMF is that by November 30, an individual consultant (with the support of the MoEF operational team) will have collected all possible Indonesian REDD+ safeguard-related analytical and consultative materials that have been completed since 2011 (regardless of financing). The consultant will produce an electronic hard drive containing all collected safeguard materials, which can then be used for analysis, synthesis and production of the Final SESA Report in early 2017.

Significant progress has also been made in terms of knowledge management and awareness raising activities. The grant has also helped increase the involvement of local stakeholders including local universities through development of REDD+ Working Groups (e.g. in Ambon, Padang, Lombok), and the establishment of 7 regional networks of universities and research agencies that relates to forestry and climate change (e.g. Java, Sumatra, Kalimantan, Sulawesi, Bali-Nusa Tenggara, Maluku and Papua region). For example #Java University and Research Agency Network on Climate Change# established for Java region, #Sumatra Research and Education Network on Forest and Climate Change# in Sumatra region, #Bali-Nusra Forest and Climate Change Research and Education Network (BNCCREN)# covering Bali and Nusa Tenggara regions and #East Indonesia Region of University and Research Agency Network# covering Kalimantan, Sulawesi, Maluku and Papua. These networks will be used as a mechanism for dissemination of information and support decision makers by providing scientific based guidance. In addition to printed publications the project supported development of the FCPF Indonesia website ([www.fcpfindonesia.org](http://www.fcpfindonesia.org)) that helped ensure information sharing with stakeholders including government agencies, universities, NGOs, local communities and masyarakat adat. Project-supported activities, since the initiation of the project implementation until the reporting period included (15) trainings, (50) workshops/focus group discussion/seminar and (10) public consultations during the project implementation (since 2011). The knowledge products (e.g. books, proceeding, brief info) related to REDD+ has reached 1949 people (Men: 938 and Women 1011 people)

Given delays in project implementation in the first half of the FY (and later part of the last FY), the Gol requested the World Bank for the second extension of Closing Date by 11 months from December 31, 2015 to November 30, 2016 which was processed in the Bank and approved subsequently.

## Grant follow-up and structure

### Description and context of Grant:

Expected follow up (if any): Follow up Bank project/loan/credit/grant

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### Comment on follow up:

The grant-supported Readiness activities (#the Project#) are part of the Government's overall readiness process which has been supported by significant Gol budget funds as well as those from other development partners. A preliminary assessment of progress toward readiness suggests there is still important progress to be made to achieve #REDD readiness#, for which the FCPF Participants Committee has preliminarily made available an additional US\$ 5 million. The April 2016 mission reviewed the Gol's assessment of gaps needed to complete Readiness preparation and completion of pilot activity design (namely preparation of FCPF Carbon Fund and Biocarbon ISFL Fund demonstration activities). That exercise highlighted a number of critical readiness gaps, including finalization of safeguards instruments, consolidation of the REDD+ architecture, and preparation of the designs and investments plans for FCPF Carbon Fund and Biocarbon ISFL Fund demonstration activities, for which additional financing would be processed. Additionally, the Gol presented the revised FCPF ER-PIN during the 14th Carbon Fund Meeting in June 2016 and formally included that activity into the program pipeline.

### End Date of Last Site Visit:

### Restructuring of Grant:

## OUTCOME

### Comments on outcome achieved from 07/01/2015 to 06/30/2016

As outlined in Section 1 above (Overall progress with regards to achieving grant objective), the Grant has made important contributions to fast-tracking the REDD+ Readiness progress in Indonesia. Despite the political process and institutional changes in the MoEF, the project has managed to contribute to the national readiness process, providing technical inputs to the development of the REDD+ implementation framework (e.g. FREL, MRV/NFMS, safeguards, benefit sharing mechanism) and building capacities at both national, but particularly, sub-national level to implement REDD+ activities. While further improvement of key REDD+ readiness aspects are still needed, namely completion of reference scenarios, MRV system, benefit sharing mechanism, and safeguards, there has been important progress in terms of upstream analytical work in support of its development including consultation processes.

Capacity building activities on various REDD+ readiness aspects, conducted in close collaboration with multiple stakeholders at national and subnational level, has contributed to the increased capacity, knowledge and awareness on REDD+ issues particularly at subnational level in the targeted areas, through a series of trainings, workshops, consultation processes, as well as dissemination of knowledge and information via various media (printed documentation and website). Going forward, considering Indonesia's approach in land-based mitigation is using #national approach with sub-national implementation#, the Gol recognizes that in order to be able to achieve REDD+ readiness, a stronger focus needs to be placed at sub-national level that contributed to the acceleration of development of sub-national implementation framework including capacity required to implement REDD+. Specifically, as deforestation and forest degradation happens at the local level, actions to prevent it must also take place sub nationally. There is a need for further capacity building and awareness raising on REDD+, including design and roll out of incentives, including performance based payment mechanism.

### Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

## COMPONENTS

### Output and Implementation by Component

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### Component 2: Management of readiness process, 2.2 Capacity building of institution and stakeholders involved in the implementation

**Status:** Planned  
**Planned Output:** Capacity of REDD+ related institutions strengthened.  
**Actual Output:** Training on carbon accounting and monitoring is to be implemented at sub national level; forest carbon monitoring database is to be validated and updated.

### Component 2: Management of readiness process, 2.4. Consultation and outreach

**Status:** Under Implementation  
**Planned Output:** REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved  
**Actual Output:** Various publications made available through printed publication and documentation that is available online at FCPF website

### Component 2: Management of readiness process

**Status:** Under Implementation  
**Planned Output:** Ways for addressing key social and environmental considerations associated with REDD+ are transparently discussed  
**Actual Output:** MOEF will document the status of SESA to-date including consultations, outcomes, undertake a comparative analysis of SIS-REDD+, PRISAI, East Kalimantan (and possibly other) provincial guidelines

### Comp. 3: Ref. Emissions Level (REL) & Measurmnt, Reporting & Verification (MRV), 3.3 Establishment of PSPs for groundbased FC

**Status:** Under Implementation  
**Planned Output:** Increased certainty in GHGs estimates from reduced emissions and increased removals, and stabilization of forest carbon stocks.  
**Actual Output:** PSPs established in forest area for specific purpose (Kawasan Hutan dengan Tujuan Khusus #KHDTK) and FMUs; existing PSPs were re-enumerated

### Component 4: Regional Data Collection and Capacity Building

**Status:** Under Implementation  
**Planned Output:** The targeted districts have sufficient capacity to prepare for REDD+  
**Actual Output:** Development of ER-PIN was facilitated and complemented by a series of technical discussion/public consultations in East Kalimantan.

### Component 2, 2.4.2. Dissemination of information through website and printed material

**Status:** Under Implementation  
**Planned Output:** REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved  
**Actual Output:** Various publications made available through printed publication and documentation that available online at FCPF website ([www.fcfindonesia.org](http://www.fcfindonesia.org))

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## Compt. 2, 2.6 Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF)

**Status:** Under Implementation

**Planned Output:** Ways for addressing key social and environmental considerations associated with REDD+ are transparently discussed

**Actual Output:** MOEF will document status of SESA to-date including consultations & outcomes & undertake comparative analysis of SIS-REDD+, PRISAI & E. Kal. provincial guidelines (i.e., SES-Kalimantan) vis-à-vis WB.

## Comment on planned and actual Output

## Comment on component implementation progress

## EXECUTION

### Bank project related to the grant

**Project ID / Name:** P124583 - Indonesia- FCPF REDD Readiness

**Project Status:** Lending

**Global Focal Area:** Climate change

**Product Line:** CN - Carbon Offset

### Implementing agency and contact details

**Agency:** Forestry Research Development and Innovation Agency (FORDIA)

**Contact:** Kirsfianti Ginoga

**Address:** Forda / MoFor

**Phone:** 02151 8633944 **Email:**

**Website:**

## PROGRAM

### Program Specific Questions

**1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those funded by Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those f**

The World Bank and Gol have made significant efforts to align the existing and future climate finance instruments with those supported by other Development Partners, including Norway. While the transition process following the presidential election and restructuring of MoEF resulted in delayed implementation of many Readiness activities, important progress has been made through the consolidation of institutional responsibilities for REDD+. This has created opportunities to further advance and align donor- and government-supported activities going forward. In addition, this new institutional arrangement for REDD+ placed the leadership firmly within MoEF under the newly created Directorate General of Climate Change. Following the commitment from the Gol to participate in the FCPF Carbon Fund, one of the main challenges is the need for available up-front investment finance as the FCPF Carbon Fund does not cover costs to support priority actions that will lead to the achievement of emission reductions. Therefore, the program must be carefully coordinated with other activities financed by the government and/or development partners, including those financed by the World Bank under the sustainable landscape initiative (e.g. FIP,

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DGM, GEF and FCPF/BioCarbon Fund). As the World Bank is also providing support for other programs involving community development, agricultural development and governance reforms, the WB can contribute to play a coordination role between MoEF and other development partners and leverage financing to support the government's priorities related to climate change.

## 2. Describe any important changes in the technical design or approach related to the Grant activities.

During the reporting period, there are no changes in terms of technical design or approach related to the Grant activities.

## 3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant.

The Additional Funding (AF) could provide support to further strengthen administrative and technical capacity through creation of a project implementation unit. Such a unit would include project management, technical, fiduciary (financial management, procurement) skills, and other related skills (monitoring, reporting, and outreach, consultation and communication). The AF will also be available to support capacity building particularly at sub-national level with main focus in East Kalimantan to advance their capacity and readiness going forward with the implementation of Emission Reduction Program under FCPF Carbon Fund.

## 4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?

There has already been significant attention and strong performance in developing environmental and social safeguard instruments for Indonesian REDD+ activities. As part of the FCPF Readiness Grant, MoEF and the World Bank have completed significant upstream analytical work and consultations required as background for the final SESA Report. The FCPF SESA process also contributed to the development of other REDD+ related safeguard instruments for management of environmental and social risks (e.g., SIS-REDD+; PRISAI). Furthermore, the context of Indonesia, the FCPF Readiness Grant represents a small portion of REDD+ safeguards financing compared to the overall Indonesian REDD+ strategic, planning, and safeguards activities (e.g., those supported by the REDD+ Task Force, STRANAS, RAN GRK, REDD+, Agency, and sub-national efforts). While clearly these efforts represent an immense amount of work toward strengthening systems and capacity for safeguard management, there is not yet a comprehensive stocktaking summary that can meet the requirements of quality SESA, nor be utilized for input into the ESMF and broader ER Program development. For this to be achieved, a final SESA Report must be prepared that provides the findings and recommendations that have emerged from the SESA and broader REDD+ safeguard processes. Hence, there is an urgent need to complete both the SESA and ESMF as soon as possible.

## 5. Is the ESMF prepared in accordance with the Common Approach?

The ESMF has not yet been completed. However, a Bank-approved ESMF was developed as part of the Forest Investment Program (FIP), which covers activities similar to those expected under REDD+ financing. Discussions are underway to determine if and how the FIP ESMF could be modified to cover expected REDD+ activities. In such a case, MOEF would revise the ESMF to lay out the principles, procedures, systems, and protocols that are relevant for safeguards application to potential REDD+ activities. The ESMF would build on existing analytical work from SIS REDD+, PRISAI, existing national legislation, and other operational guidelines and programs (such as the FIP). The development of draft ESMF is expected to be ready by the grant closing date (November 30, 2016). The ESMF will be further refined and publically consulted in early 2017.

## 6. Describe progress in stakeholder consultation, participation, disclosure of information, and the FGRM related to this Grant.

A national consultation protocol was developed by National Forestry Council (DKN) and served as a basis for informing all consultation processes. In addition, a guidance for an effective engagement of indigenous peoples and local communities was developed for eastern part of Indonesia. based on their local knowledge and cultural condition. FORDIA has disclosed all project documents, reports and publications under [www.fcpfindonesia.org](http://www.fcpfindonesia.org).

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## DISBURSEMENTS

### Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
01/01/2011	06/30/2011	0.00	0.00	0.00	0.00
07/01/2011	12/31/2011	0.00	0.00	300,000.00	300,000.00
01/01/2012	06/30/2012	0.00	0.00	377,829.10	77,829.10
07/01/2012	12/31/2012	0.00	0.00	681,182.24	303,353.14
01/01/2013	06/30/2013	0.00	0.00	1,509,779.93	828,597.69
07/01/2013	12/31/2013	0.00	0.00	2,022,714.56	512,934.63
01/01/2014	06/30/2014	0.00	0.00	2,604,450.14	581,735.58
07/01/2014	12/31/2014	0.00	0.00	2,766,338.90	161,888.76
01/01/2015	06/30/2015	0.00	0.00	2,766,338.90	0.00
07/01/2015	12/31/2015	0.00	0.00	2,934,150.45	167,811.55
01/01/2016	06/30/2016	0.00	0.00	3,045,068.19	110,917.74
07/01/2016	12/31/2016	0.00	0.00	0.00	0.00
01/01/2017	06/30/2017	0.00	0.00	0.00	0.00