

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

Ref. TF099721  
Printed On: 09/22/2017

Reporting Period: 07/01/2016 to 06/30/2017  
Report Type: Progress Report  
Report Status: .....

Assignment: TF099721

### Indonesia - FCPF Readiness Preparation Grant FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000235980 - Ann Jeannette Glauber  
Approving Manager: 00000066054 - Iain G. Shuker

Summary Information	
TF Status	ACTV
Recipient Country	Indonesia
Executed By	Recipient
Managing Unit	9269 - GEN2A
Grant Start Date / End Date	06/10/2011 to 05/31/2020
Program Manager	Simon J. Whitehouse
Original Grant Amount	3,196,428.00
Grant Amount	8,196,428.00
Outstanding Commitments	0.00
Cumulative Disbursements	3,403,627.29 as of 06/30/2017
Disbursed 07/01/2016 to 06/30/2017	358,559.10
Donor	TF602001 - MULTIPLE DONORS

*This GRM report includes the following sections: Overview, Outcome, Components/Outputs, Execution, Program(FCPFR), Attached Documents, Disbursements.*

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### OVERVIEW

#### Overall Assessments and Ratings

##### 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 07/01/2016 to 06/30/2017 with regard to Achieving Grant Objectives:

###### Comment:

The project has continued to show modest progress toward achieving grant objectives, i.e. supporting Indonesia to be prepared for REDD+ implementation. As Indonesia is currently preparing two large-scale provincial performance-based programs in East Kalimantan Province (to be supported by FCPF Carbon Fund) and in Jambi Province (to be supported by BioCarbon Fund Initiative for Sustainable Forest Landscapes), it is critical for Indonesia to accelerate the completion of the #readiness phase# and the necessary technical and policy framework to implement these jurisdictional programs. Continued support to advance national REDD+ readiness in terms of institutional and technical capacity at all levels is critical for Indonesia to enter the implementation phase. Going forward, additional support is needed to translate the national policy framework into actions at the provincial level.

##### Overall progress from 07/01/2016 to 06/30/2017 with regard to Implementation of Grant Financed Activities:

###### Comment:

The GOI has finalized the remaining activities under the original FCPF Readiness Grant (\$3.6m) by the Grant Closing Date November 30, 2016, which principally include: i) initial consultancies to prepare a first draft of an Emission Reduction Program Document (ER-PD) of FCPF Carbon Fund; ii) consultancies, consultations and workshops for Readiness Package (R-Package) development to assess readiness progress through a multi-stakeholder process; and iii) compilation of background information for the Strategic Environmental and Social Assessment (SESA).

With the amendment of the original FCPF Readiness Grant in November 2016 and the effectiveness of Additional Funding (\$5m), the overall implementation of REDD+ Readiness activities has progressed significantly. The GOI is well-resourced to implement remaining priority readiness activities and advance the preparation of two large-scale sub-national pilot emission reduction programs in East Kalimantan (supported by FCPF Carbon Fund) and in Jambi (supported by BioCarbon Fund ISFL).

GOI's submission of the R-Package in June 2017 (revised in July 2017) to the FCPF is an important milestone that provides an opportunity to assess progress to-date and prioritize activities going forward. The FCPF Facility Management Team (FMT) tasked an independent Technical Advisory Panel (TAP) to conduct a review of the R-Package prior to the GOI's presentation during the 24th FCPF Participant Committee (PC) meeting in September 2017, at which the PC would be expected to endorse the R-Package. The endorsement of the R-Package is a prerequisite before an Emission Reduction Program Document (ER-PD) can be considered by the FCPF Carbon Fund.

In relation to the FCPF Carbon Fund, GOI successfully presented a revised Emission Reduction Project Idea Note (ER-PIIN) at the 14th FCPF Carbon Fund Participant (CFPs) Meeting in June 2016. At that meeting, Indonesia's program was selected into the Carbon Fund's pipeline. Significant progress has been made by the GOI and the Regional Council on Climate Change (DDPI # the responsible agency appointed to coordinate FCPF Carbon Fund preparation processes in East Kalimantan Province) - in advancing the preparation of an ER-PD. An initial draft of ER-PD has been produced. A multi-stakeholder and multi-sector coordination and consultation processes at the provincial level involves relevant provincial government institutions, NGOs and development partners (notably the Global Green Growth Institute (GGGI) who provide strong support to DDPI in advancing the development of the ER-PD).

As Indonesia's program was selected into the Carbon Fund pipeline, the Bank is authorized to negotiate and sign the Letter of Intent (LOI). A series of meetings were held to discuss the concerns raised by the GOI on the content of LOI and modifications

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were proposed that reflect national priorities and policy commitments. Since the proposed modification substantially deviated from the standard LOI signed by other participating countries, GOI's delegation presented their concerns directly to the CFPs in Paris Meeting in June 2017 and came to an agreement with the CFPs. The agreed revised LOI was formally submitted to the CFPs following a standard no-objection process (the process was recently concluded and the Bank will proceed with signing of LOI, followed by GOI's counter-signature).

Despite significant progress made in the preparatory work for advancing ER-PD development, there are significant delays in commencing key studies due to delays in the procurement process of consultancy contracts and in advancing with the terms of reference for these key studies. This delay is notably due to slow progress in completing an acceptable Procurement Plan that the respective work packages could not be initiated by FORDIA and DGCC to support the province in necessary implementation planning.

With respect to safeguards, the overall progress has been modest. Procurement of consulting services to complete and document the Strategic Environmental and Social Assessment (SESA) is yet to be commissioned. The delays have been partly attributed to the delayed finalization of the Procurement Plan for the Additional Funding in which budget for SESA and other safeguard instruments is allocated.

Following the decision from the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) Contributors on the selection of Indonesia as a candidate country for ISFL in March 2017 and confirmation on the GOI's acceptance and commitment, a series of discussions has led to the proposal of a concept for sub-national emission reduction program in Jambi, Sumatra. The concept of the proposed program has met the key selection criteria and aligns with the ISFL's overall objectives. The ISFL Contributors have also confirmed the fit of the concept with the ISFL and to start mobilizing resources to start with project preparation. The GOI has advanced development of a program preparation plan which estimated that the preparation would take 12-18 months and a preparation task force that consists of relevant institutions at national and sub-national level to facilitate program preparation and implementation (and to be further enhanced with representatives from other relevant ministries e.g., Ministry of Agriculture, Coordinating Ministry of Economic Affairs).

### Grant follow-up and structure

Description and context of Grant:

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

Comment on follow up:

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 funding of US\$ 5 million. The April 2016 mission reviewed the GOI'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.

End Date of Last Site Visit: 05/26/2017

Restructuring of Grant:

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### OUTCOME

#### Comments on outcome achieved from 07/01/2016 to 06/30/2017

See the components/outputs section.

#### Grant Outcome Indicators

Grant outcome indicators are listed below.

### COMPONENTS/OUTPUTS

#### Output and Implementation by Component

#### Comment on planned and actual Output

#### Comment on component implementation progress

Component 1 - Analytical work: All activities under Component 1 has been completed and reported in the previous GRM;

Component 2 - Management of readiness process: The following activities were supported under this component, and the outputs are presented below:

- \* 2.2 Capacity building of institution and stakeholders involved in the implementation of REDD activities including:
- Training of Trainers on carbon accounting and monitoring (ground check and spatial data analysis) at sub-national levels.
  - capacity building to improve and implement REDD+ framework in eastern Indonesia (East Nusa Tenggara, Papua Barat and Papua)

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- facilitation for preparation of result-based payment mechanism for small scaled REDD+ activities:#

Planned output was: Capacity of REDD+ related institutions strengthened.#

Actual outputs were: (i) Capacity building for local government personnel (district government, KPH, UPT) who will manage PSP data and web-based carbon monitoring system; (ii) Recommendation on mainstreaming adaptation and mitigation options in the context of sustainable development in the provinces; and (iii) Presentation of draft policy framework on climate change in forestry sector. As such the activity was satisfactorily completed.

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\* 2.4 Consultation and Outreach activities have under implementation, in particular, the following activity:

2.4.2. Dissemination of information through website and printed material. Planned outputs were (i) REDD+ ownership strengthened; (ii) awareness and capacities of all REDD+ actors improved. Actual outputs have been: (i) various publications made available through printed publication (e.g. book, technical guidelines, info brief, proceeding), documentary film on REDD+ in East Kalimantan; and (ii) Documentation are made available online at FCPF website ([www.fcpfindonesia.org](http://www.fcpfindonesia.org)). The activity is on going and is satisfactorily being implemented.

\* 2.6 Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF). The planned output was the ways for addressing key social and environmental considerations associated with REDD+ are transparently implemented. Actual outputs were: (i) compilation of REDD+ related materials to inform final report of SESA has completed; (ii) preliminary ESMF report was drafted; and (iii) training on safeguards conducted to increase understanding on safeguards instrument and its implementation. The activity has been completed moderately satisfactory.

Component 3 - Reference Emissions Level (REL) and Measurement, Reporting and Verification (MRV): The following activity has been carried out:

\* 3.3 Establishment of permanent sample plots (PSPs) for ground-based forest carbon monitoring (for estimating forest-related GHGs emissions by sources and removals by sinks, and monitoring forest carbon stock changes). Planned outputs were to (i) increased certainty in GHG estimates from reduced emissions and (ii) increased removals, and stabilization of forest carbon stocks. Actual outputs were: (i) 159 PSPs established in forest area in 6 districts of East Kalimantan province; and (ii) web-based to support carbon monitoring system developed and launched. The activities were satisfactorily completed; and

Component 4 - Regional Data Collection and Capacity Building: The following activity was supported under this component:

\* 4.1 Facilitate the development of REDD+ readiness at subnational level. More specifically: (i) Facilitation of Readiness Package development (preparation, public consultation); (ii) Facilitation of ER-PD development in East Kalimantan (preparation, public consultation); and (iii) Facilitation of preparation process for BioCF ISFL program. The planned output was that the targeted districts have sufficient capacity to prepare for REDD+. Actual outputs were: (i) Readiness Package developed and reviewed; (ii) Recommendation and agreement with relevant provincial government agencies and other stakeholders in East Kalimantan reached on the planning for ER-PD development; (iii) preliminary concept of emission reduction program in Jambi developed. All these activities were satisfactorily completed.

## 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

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### Implementing agency and contact details

Agency: Forestry Research Development and Innovation Agency (FORDIA)  
Contact: Niken Sakuntaladewi  
Address: FORDIA, Ministry of Environment and Forestry

### Implementation performance ratings from 07/01/2016 to 06/30/2017 with regard to:

#### Project Management:

##### Brief Comment:

The project continues to face some challenges in the implementation of readiness grant, including preparation of the two pilot emission reduction programs, as the proposed project management unit (PMU) is yet to be established to support in project manage

#### Financial Management:

##### Brief Comment:

Since the last GRM the project has followed up through completing the issuance of revised Budget Document (DIPA), although the document issuance is still considera

#### Counterpart Funding:

##### Brief Comment:

The MOEF staff salary involved in the implementation of FCPF activities is covered by the state budget (APBN), while FCPF Grant covers operational costs of the project implementation.

#### Procurement:

##### Brief Comment:

FORDIA hired individual consultants for IT/Database specialist and small goods have been procured through shopping method such as equipment for permanent sample plots as well as

#### Monitoring and Evaluation:

##### Brief Comment:

Coordination between the two implementing agencies still needs to be improved, so that the project will benefit from a more consolidated action, reporting, monitoring and evaluation of project implementation.

### Additional Comments on Implementation Performance:

The project is coordinated and managed by two Directorate Generals: the Forestry and Environmental Research Development and Innovation Agency (FORDIA - Center for R&D on Socio-Economic, Policy and Climate Change) and Directorate General of Climate Change (DGCC - Directorate of Climate Change Mitigation), with specific oversight roles remaining within FORDIA.



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### PROGRAM

#### Program Specific Questions

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

Under the current government structure the institutional responsibilities for climate change and REDD+ are placed under the Directorate General of Climate Change (DGCC), Ministry of Environment and Forestry, where DGCC plays a key role as the national focal point for climate change issues. This has created opportunities to further advance and align development partner- and government-led activities going forward to help achieve the GOI's NDC target. As the GOI is currently preparing two large-scale sub-national performance-based payment programs in East Kalimantan and Jambi, a main challenge faced by the GOI in preparing such programs, particularly the FCPF CF, is the mobilization of up-front investment finance for actions that reduce emissions. In addition, both programs must be carefully coordinated with other activities financed by national and sub-national government and development partners, including those (potentially) financed by the World Bank under sustainable landscape initiative (i.e. FIP, DGM, GEF Social Forestry, One Map, FCPF, BioCF ISFL). As the World Bank is also providing support for other programs involving community development, agricultural development and governance reforms, the World Bank can contribute to and 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.

The Project Development Objective (PDO), project beneficiaries and categories of activities under Additional Funding (AF) remain unchanged. However, since the AF was designed to directly support the design of two large-scale jurisdictional Emission Reduction (ER) Programs (in East Kalimantan and Jambi financed under FCPF Carbon Fund and BioCarbon Fund ISFL, respectively), additional key result indicators were added to support the achievement of the AF grant objectives: i) Indonesia will be REDD+ ready (based on the assessment criteria of the Readiness Package; and ii) large-scale ER Program at the sub-national level will be designed to pilot the implementation of REDD+.

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

The AF has budget allocation to support the establishment of program management unit (PMU) to support the preparation and implementation of FCPF Readiness, Carbon Fund and BioCarbon Fund programs. The PMU will include consultants who will support in project management, technical, fiduciary (financial management, procurement) skills, and other related skills including monitoring, reporting, carbon accounting, economist/NRM, social development, environment, communication, private sector and commodity related experts. TORs for the PMU and PMU Coordinator have been reviewed and finalized during May 2017 mission. The AF will also be available to support capacity building particularly at sub-national level with the main focus on East Kalimantan and Jambi to advance their capacity and readiness going forward.

##### 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 progress towards the development and operationalization of environmental and social safeguard instruments for Indonesia's REDD+ activities. As part of the FCPF Readiness Grant, MoEF and the World Bank have produced significant upstream analytical work pertaining to identification of potential risks and impacts associated with REDD+ and carried out broad consultations required as background for the final SESA Report. The FCPF SESA process also contributed to the development of country safeguards initiatives for REDD+, particularly the Safeguards Information System (SIS) REDD+ and Principles, Criteria and Indicators (PRISAI), which are aligned with the Cancun safeguards requirements. These efforts clearly represent an immense amount of work toward strengthening systems and capacity for safeguard management.

DGCC and FORDIA developed an inventory of past analytics, consultation minutes and publications and identified that over 400 documents related to REDD+ have been produced since 2011, both financed by FCPF and other sources (e.g., the REDD+ Task Force, REDD+ Agency and sub-national efforts). These documents will be used as a reference for the finalization of the SESA report, which is yet to be completed. In addition, further assessments of potential risks and impacts will be carried out in priority provincial jurisdictions, namely East Kalimantan and Jambi (for BioCF ISFL) leading towards the SESA report

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finalization. An ESMF, which will be applicable for CF activities in these priority jurisdictions will be developed following the finalization of SESA, which will provide comprehensive identification of potential risks and impacts, as well as assessments of institutional set up and capacity both at the national and sub-national level. The documentation of the SESA remains a pending deliverable which needs to be completed as soon as possible. A TOR for SESA and ESMF finalization has been reviewed and finalized during May 2017 mission.

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

Initial work for the development of an indicative ESMF, which will be further refined and finalized following the completion of the SESA, has been initiated by FORDIA and DGCC. The ESMF will be further tailored to the contexts of ER priority jurisdictions (East Kalimantan and Jambi) and reflect existing institutional set-ups and capacity in both provinces. The finalization of the ESMF has been included in the work package for the SESA TOR, which is expected to be finalized by Q3 FY18.

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

FGRM for REDD+ activities is yet to be developed as part of the SESA and ESMF package. Following the development of a FGRM model that is expected to be applicable in both priority jurisdictions, a series of public consultations, awareness raising, and capacity building will be carried out under the AF.

## DOCUMENTS

### List of documents attached to this GRM

## 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	3,196,325.37	151,257.18
01/01/2017	06/30/2017	0.00	0.00	3,403,627.29	207,301.92
07/01/2017	12/31/2017	0.00	0.00	0.00	0.00
01/01/2018	06/30/2018	0.00	0.00	0.00	0.00
07/01/2018	12/31/2018	0.00	0.00	0.00	0.00
01/01/2019	06/30/2019	0.00	0.00	0.00	0.00
07/01/2019	12/31/2019	0.00	0.00	0.00	0.00



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