

**Forest Carbon Partnership Facility (FCPF) Readiness Mechanism
Readiness Plan External Review Template**

(interim, April 24, 2009, from Program Document FMT 2009-1, Rev. 2)

INDONESIA R-PLAN: SYNTHESIS REVIEW BY FCFP TECHNICAL ADVISORY PANEL

June 2, 2009

Guidelines for Reviewers:

- 1) *FCPF REDD Country Participant R-Plans will be reviewed and assessed by the FCPF Participants Committee, the FCPF's governing body, taking TAP comments into account. External (Technical Advisory Panel or other) and Bank reviewers may provide recommendations on how a draft R-Plan could be enhanced, using this template on a pilot basis until a process is approved by the PC.*
- 2) *Two sets of criteria should be used for review: a) Cross-cutting criteria, reflecting a general view of what an R-Plan should provide; and b) specific standards each of the current 9 components of an R-Plan should meet.*
- 3) *Your comments will be merged with other reviewer comments (without individual attribution) into a synthesis document that will be made public, in general, so bear this in mind when commenting.*
- 4) *Please provide thoughtful, fair assessment of the draft R-Plan, in the form of actionable recommendations for the potential enhancement of the R-Plan by the submitting country. A REDD Country Participant would be allowed three submissions of an R-Plan to the PC for consideration.*

Objectives of a Readiness Plan (condensed directly from Program Document FMT 2009-1, Rev. 2)

The purpose of the R-Plan is to build and elaborate on the previous Readiness Plan Idea Note (R-PIN) or a country's relevant comparable work, to assist a country in laying out and organizing the steps needed to achieve 'Readiness' to undertake activities to reduce emissions from deforestation and forest degradation (REDD), in the specific country context. The R-Plan provides a framework for a country to set a clear plan, budget, and schedule to achieve REDD Readiness. The FCPF does not expect that the activities identified in the R-Plan and its Terms of Reference (ToR) would actually occur at the R-Plan stage, although countries may decide to begin pilot activities for which they have capacity and stakeholder support. Instead, the R-Plan consists of a summary of the current policy and governance context, what study and other preparatory activities would occur under each major R-Plan component, how they would be undertaken in the R-Plan execution phase, and then a ToR or work plan for each component. The activities would generally be performed in the next, R-Plan execution phase, not as part of the R-Plan formulation process.

Review of R-Plan of (*fill in country name*): Indonesia

Reviewer (fill in): Jayant Sathaye and Gustavo Fonseca, lead reviewers + 6
TAP experts

Date of review (fill in): June1, 2009

Summary Comments of the Technical Advisory Panel Regarding the REDD Readiness Plan (R-PLAN) submitted by the Government of Indonesia

Summary and Overview: Over-all, the R-Plan is consistent and presented as a well integrated package. The document is substantive and demonstrates serious effort and progress towards conceptualization, initial strategy formulation and planning for REDD. Drawing on the strengths of the Ministry of Forestry-led IFCA major study of REDD potential in Indonesia, the R-Plan is comprehensive and well reasoned from the perspective of the principal drivers of deforestation and proposed responses. Its framework enjoys robust ownership in particular from the Ministry of Forestry. The R-Plan provides convincing argumentation regarding the alignment of the known drivers of deforestation with the appropriate set of responses that might emerge from a successfully implemented REDD strategy in Indonesia. The R-Plan greatly benefited from the prior work conducted through the IFCA process, which jump started prior consultations with stakeholders, but the involvement of indigenous peoples and forest dwellers needs more attention.

The R-Plan presents a number of regulations that already exist in Indonesia which together can create enabling conditions for REDD. In the course of REDD strategy development and implementation, it will be important to analyze the track record of implementation of existing regulations and identify stumbling blocks to their effectiveness. Layering of regulations, including those to be added *via* REDD is a challenge that the government will need to address by region.

The assessment of biodiversity conservation and other co-benefits seem to have been overlooked in the body of the R-Plan. Annex 5 presents a quite abbreviated TOR designed to assess these additional benefits. The assessment of rural livelihood impacts as well as the identification of likely distribution of benefits and costs among affected groups/ stakeholders is not yet fully developed. The assessment of risk also needs to be strengthened. Special attention should be given to the engagement of forest-dependent communities, indigenous peoples and smallholders in these assessments.

Strengths of the R-Plan: The R-Plan has undergone an earlier TAP review. The TAP comments were responded to in the preparation of this revised version, now in a well-advanced stage. The R-Plan draws from the IFCA framework, which is a comprehensive and opportune platform to build from, giving Indonesia a head start. The proposal also benefits from the work conducted under the FRIS and the NCAS national forest inventory and reporting system enhancements. Indonesia has already tested a suite of forest sector policies that are in operation. Experience from the implementation of these policies could shorten the selection and implementation of REDD strategies. The R-Plan includes several well-advanced TORs for many of the R-Plan components. The proposal to link action at multiple levels with distinct methodological, policy and institutional requirements is refreshing. While not explicitly noted in the R-Plan, Indonesia has several ongoing demonstration projects that are being implemented with support from international governments and foundations. Experience from this work will provide a rich body of knowledge that will help REDD implementation.

Issues in the R-Plan: A key issue observed by several TAP members is that the consultative processes need to be broadened sector-wise, and expanded geographically, particularly those with indigenous peoples and forest dwellers. Currently, the R-Plan's ownership primarily rests with the Ministry of Forestry. In order to be able to address issues that are covered by other government ministries, national, provincial and local, a systematic procedure for their engagement will be crucial. Indonesia could consider developing customized regional plans to deal with two provinces for REDD, in particular Papua and Kalimantan.

Issues associated with the high level of data heterogeneity in reference scenario development may be addressed through multi-stakeholder input processes in order to balance top-down with bottom-up inputs. Monitoring and particularly verification responsibilities need to be sorted out to enable robust and equitable distribution mechanisms to emerge. While the majority of TORs are relatively well-developed, others are in need of further work (e.g., capacity building and trade-off assessment).

A major strategy in the R-Plan is the establishment of a 1 million ha compensatory fast growing timber plantation resource by small holders. This is significant and merits further elaboration. What are the risks and livelihood implications of this strategy and what measures will be put in place to promote successful outcomes, reduce the risk and manage possible conflicts?

It will be important to sort out how the demonstration activities noted above will be integrated into REDD strategy development. One feature that is not explicitly addressed in the R-Plan is the treatment of agroforestry and peat lands which can become large sources of carbon emissions. The processes and mechanisms to be put in place to address conflicts that can arise from REDD-related activities also need to be designed. Specific attention should be given to the dynamics of a prominent type of land use in Indonesia represented by oil palm plantations. Provision for the establishment and operation of mechanisms for conflict management and dispute resolution will have to be included as integral part of the REDD strategy.

a) Cross-cutting criteria

(reflecting a general view of what an R-Plan should provide):

Criteria Number: *(from Program Document FMT 2009-1, Rev. 2)*

- 1** **Ownership, transparency, and dissemination of the R-Plan by the government and relevant stakeholders.** Inclusiveness of effective and informed consultation and participation by major stakeholders could be assessed in three ways:
- a. The consultation and participation process for R-Plan development thus far³, the extent of ownership within government and REDD coordinating body, as well as in the broader national stakeholder community, and the Consultation and Participation Plan included in the R-Plan (which looks forward in time);
 - b. The cross-cutting nature of the design and workings of the national working group on REDD, in terms of including major stakeholders and key government agencies beyond the forestry department; and
 - c. Inclusion of elements in the R-Plan that adequately address the expressed concerns and recommendations of major stakeholders, and/or expressions of their support for the R-Plan.

Footnote 3: Did the R-Plan development include civil society, including forest dwellers and Indigenous Peoples representation? In this context the representative(s) will be determined in one of the following ways: (i) Self-determined representative(s) meeting the following requirements: (a) selected through a participatory, consultative process; (b) having national coverage or networks; (c) previous experience working with the Government and UN system; (d) demonstrated experience serving as a representative, receiving input from, consulting with, and providing feedback to, a wide scope of civil society/Indigenous Peoples organizations; or (ii) Individual(s) recognized as legitimate representative(s) of a national network of civil society and/or Indigenous Peoples organizations (e.g., the GEF Small Grants National Steering Committee or National Forest Program Steering Committee).

Reviewer's assessment of whole R-Plan for this criterion, and recommendations:

	<p>Over-all, the RPLAN is consistent and presented as a well integrated package. The document is substantive and demonstrates serious effort and progress towards conceptualization, initial strategy formulation and planning for REDD.</p> <p>Government ownership of the RPLAN, however, is limited thus far to the Ministry of Forestry. All the authors and contributors to the RPLAN are from the MoF.</p> <p>TAP provided a review of the first submission of the RPLAN document in March 2009. The review noted that the document relied heavily on the IFCA report, which included consultations with many stakeholders at the international, national and province level. Subsequent to this TAP review MoF conducted two stakeholder consultations which are included in the second version of the RPLAN. The consultations included national level stakeholders in one setting, and members from four provinces in a second setting. Additional consultations are planned as the RPLAN process moves forward. The following issues are yet to be addressed:</p> <ol style="list-style-type: none"> 1. Additional involvement of local and indigenous peoples and forest dwellers in the consultation process. 2. What will be the process to engage other government agencies particularly the finance and environment ministries?
<p>2</p>	<p>Alignment of the proposed REDD strategy with the identified drivers of deforestation and forest degradation. Does the R-plan identify the major drivers of deforestation and forest degradation, and design its REDD strategy and R-Plan to address those drivers with feasible programs and policies likely to alter land use incentives and behavior (and to avoid displacing deforestation and degradation from one area to another)?</p> <p><i>Reviewer’s assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>The R-Plan provides convincing argumentation regarding the alignment of the known drivers of deforestation with the appropriate set of responses that might emerge from a successfully implemented REDD strategy in Indonesia. The R-Plan greatly benefited from the prior work conducted through the IFCA process.</p>
<p>3</p>	<p>Coherence between the proposed activities in the R-Plan (including early ideas on a potential REDD Strategy) and existing national and sectoral strategies: Does the R-Plan make clear reference to country sector strategies and governance arrangements (e.g., FLEGT), and identify major potential synergies or inconsistencies with REDD plans and process? Does the R-Plan discuss and propose to analyze the role and interests of forest-dependent and indigenous peoples and other forest dwellers, including land tenure and natural resource rights? Is there evidence that other government actors (e.g., finance ministry, agriculture ministry, land ministry) are committed to supporting implementation through enacting, implementing and/or funding supportive policies and actions within their own sectors?</p>

	<p><i>Reviewer's assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>The proposal does provide a good assessment of the existing strategies in the forest sector and across other relevant ministries. The plan spells out how processes will be put in place to capture the interests and involvement of IPs and other forest dwellers. The R-Plan is explicit in the key issues of land ownership and governance over natural resources.</p> <p>The RPLAN presents a number of regulations that already exist in Indonesia which together can create enabling conditions for REDD. In the course of REDD Strategy development and implementation, it will be important to analyze the track record of implementation of existing regulations and identify stumbling blocks to their effectiveness. Ineffective, inappropriate or overly cumbersome regulations or regulatory provisions should be identified, reformed or simplified to facilitate REDD. Regulations against corruption especially require serious effort and strong political will to implement and reform where needed.</p>
4	<p>Multiple benefits: Does the R-Plan propose to identify ways of seeking multiple benefits as part of national REDD strategies, including but not limited to biodiversity, poverty reduction and benefit sharing, and monitoring those impacts.</p>
	<p><i>Reviewer's assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>These sections are covered essentially through annexed TORs, though not that well-developed in the body of the R-Plan. Tables 8 and 12 note the schedule of activities and data collection in order to address issues related to biodiversity, and the section on monitoring explores the different approaches that would be used for this purpose. However, the coverage of equitable benefit sharing is limited and more effort is needed on this topic as was observed on p.17 regarding the consultation process.</p>
5	<p>Completeness of information and data provided: Does the R-Plan review key information and studies available, and perform a gap analysis of what information or data or studies are needed to assess the potential for REDD? Are ToR or actual plans provided for all components, as well as the implementation budget and schedule?</p>
	<p><i>Reviewer's assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>These aspects are covered in the R-Plan. In Sections 7 and 8, the document notes the gaps in preparation of the reference scenario and the data gaps for MRV activities.</p> <p>It would be helpful to have a glossary in the RPLAN similar to that in the IFCA report.</p> <p>Some of the detail, particularly quotes from consultation sessions, need to be synthesized so that the main document can provide more clarity and comprehensiveness while keeping it more concise,</p>

	<p>particularly that on forest governance as implied in Annex 1.</p> <p>Also the document needs to elaborate the phrases “adequate involvement” and “relevant traditional knowledge and wisdom” of forest dwellers and Indigenous Peoples (p. 25) as well as “social equity and fairness” (p. 39) as what they are actually defined and implemented especially in the concepts of Hutan Adat, Hutan Kemasyarakatan and Hutan Desa.</p>
6	<p>Clear responsibilities for the execution of REDD activities to be financed: Is a clear, inclusive, and functioning national REDD working group process and set of institutional arrangements for executing the R-Plan studies and activities presented?</p> <p><i>Reviewer’s assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>Understandably, this is still work in progress, but the R-Plan is well advanced to set up in motion the necessary activities that will clarify these executing functions.</p>
7	<p>Leveraging and coordination of international support: Does the R-Plan clarify how international support for R-plan implementation will be coordinated, including an assessment of initial funding needs and technical support requirements.</p>
	<p><i>Reviewer’s assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>With the head start provided by the IFCA process, the R-Plan is well-poised to productively expand its use of available international support and expertise, which is already coming from a variety of sources.</p>
8	<p>Feasibility of proposed activities to achieve REDD Readiness, and their likelihood of success in achieving Readiness (once fully funded and implemented): Does the R-Plan include adequate description of a proposal for the design of an integrated system of measurement, monitoring and reporting of changes in deforestation, forest degradation, rural livelihoods, forest governance, and conservation of biodiversity? Does the R-Plan consider participatory approaches to monitoring that involve forest-dependent peoples? Full MRV design may occur at a later stage, informed by the needs of the policy process.</p>
	<p><i>Reviewer’s assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>The R-Plan is well developed across the great majority of these needs. Perhaps the heavy load of proposed activities for the year 2009 is somewhat overly optimistic.</p> <p>The R-PLAN does a good presentation of the national, province and district level strategies and mechanisms for implementation of programs.</p> <p>The RPLAN presents an outline of the main elements of the REDD Strategy at national and sub-national levels. Key elements pertain to methodology, institution and demonstration activities at different levels.</p> <p>In designing the methodology, it will be necessary to ensure consistency in definitions and compatibility of approaches between national and sub-national levels. Approaches should also facilitate, to the extent possible, the scaling up of innovations and successful interventions from lower to higher levels.</p>

	<p>1. Which islands or regions will be targeted and would the same sub-regional categories prevail across all regions?</p>
<p>9</p>	<p>Variety of approaches (defined as approaches that can contribute to the learning objective of the FCPF), that:</p> <ul style="list-style-type: none"> a. Propose innovative and/or comprehensive strategies or programs and approaches appropriate to a country's circumstances on how to tackle deforestation and forest degradation; b. Focus on innovative and/or advanced concepts of monitoring, reporting and verification, including remote sensing, for forest degradation, biodiversity protection and social benefits, and/or the exploration of third-party monitoring or verification approaches; c. Propose to test new mechanisms and distribution methods of REDD revenues and benefits; and d. Provide regionally important leadership in addressing REDD or in certain technical areas relevant to REDD Readiness.
	<p><i>Reviewer's assessment of whole R-Plan for this criterion, and recommendations:</i></p> <p>The R-Plan as proposed is poised to innovate across most all of the four points in question. We highlight one particular point c) pertaining to the distributive aspects of REDD n such a diverse country as Indonesia.</p> <p>The inclusion of the interests and needs of forest dwellers and Indigenous Peoples are crucial for the successful implementation of this Plan. The RPLAN should therefore elaborate, through the participation of the interest groups on their behalf at least, the roles of these groups within the Plan scheme.</p>

b) Standards to be Met by Individual R-Plan Components

(from Program Document FMT 2009-1, Rev. 2:)

<p>1. Land use, forest policy and governance assessment:</p> <p>Prepare an analytic assessment of drivers of deforestation and/or degradation, and of past experience to reduce deforestation and/or degradation, to identify promising approaches and lessons learned for use in the R-Plan and in development of the REDD strategy. Analyze key governance and legal issues related to land use pertinent to REDD actions.</p> <p><i>Component Standard S-1: A completed assessment is presented that identifies major land use trends, land tenure and natural resource rights and issues, and direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD. Provides insightful assessment of efforts to reverse these trends and their outcome, and identifies significant gaps, challenges, and opportunities to address REDD. The assessment sets the stage for development of the country's REDD strategy to directly address key land use change drivers.</i></p> <p>Reviewer's assessment of how well R-Plan meets this standard, and recommendations:</p>

The Indonesia R-Plan benefitted greatly from the work done in anticipation of the Bali meeting, and reflected in the Indonesian Forest Climate Alliance's (IFCA) report on how a REDD scheme could be implemented in the country. Furthermore, there are hosts of other studies conducted on the drivers of deforestation in Indonesia, as well as about the past attempts to control rampant loss and degradation of its forests (e.g., through the "five priority policies" examined in the R-Plan). Many of these drivers are intimately associated with governance and land tenure issues, which represent a well-know set of challenges facing Indonesia for several years now, and amplified by the decentralization process, particularly as applied within Indonesia's complex and fragmented geographic and political settings. All this vital intelligence is well-articulated in the R-Plan.

2. Management of readiness:

2a. Convene national REDD working group:

Present the design of a national working group to coordinate Readiness activities and ultimately REDD implementation, its methods of operation, and how REDD will be integrated into the existing land use policy dialogue. The working group process should include relevant internal and external stakeholders, ideally including representatives from forest dependent people, civil society and private sector, and the coordination of donor efforts supporting REDD or land use activities.

Component Standard S-2a: A clear description of the existing or proposed coordination of REDD activities nationally, adequately integrated with the existing land use policies and policy dialogue, that is inclusive of relevant government agencies and other major stakeholders that likely need to be involved in addressing REDD. The functions, membership, decision making process, and dissemination of information are adequately described, as well as procedures to ensure transparency and opportunities for public participation. Summarize a work plan to synthesize and manage the REDD program; and prepare the framework ToR for that work plan.

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

IFCA was formed in 2007 as an umbrella forum for a very diverse set of stakeholders catalyzing the REDD discussions at the national level, including laying out the frameworks for the necessary studies and supporting norms and regulations. In line with this, a National Working Group on Forest and Climate Change (WG-FCC) is entrusted with the role of assisting the government in policies and strategies, and fostering the creation of an information and data clearinghouse on climate change. Through IFCA, several rounds of consultations were done, involving higher level strategic questions as well as covering technical, policy and institutional aspects of a future REDD scheme for Indonesia. The detailed input gathered through these processes were digested by the Ministry of Forestry's WG and formed the basis for the next steps in the process, now detailed in draft TORs annexed to the R-Plan.

The RPLAN presents a clear process for constituting a national REDD working group that has strong inter-sectoral, inter-agency collaboration. But representation of non-state actors needs to be improved. NGOs, indigenous people and forest communities are lumped together under civil societies and have low representation, particularly at the national level.

The RPLAN describes mechanisms in place and/or to be established for cross-sectoral, inter-agency coordination at different levels. The challenge is ensuring that effective coordination happens and that rivalries among sectors and agencies are minimized.

The consultation plan is well developed but these should be organized around substantive not peripheral

issues. The outreach plan is less so, but has strong initial elements that could be built upon.

There is a need to explicitly design learning and feedback loops in REDD institutions and processes. I recommend that the RPLAN include explicit discussion of proposed channels for continued input and feedback from stakeholders, including channels for the expression of legitimate dissent and mechanisms for dealing with conflicts that arise.

There is also a need to better integrate Demonstration Activities into the REDD Strategy development and evolution. Mechanisms and activities to link insights, lessons and experiences from Demonstration Activities and other relevant experiences should be part of the design. It would be important to provide information about what the governments intends to learn from these activities and how the learning would benefit the RPLAN process.

2b. Prepare a REDD consultation, participation, and outreach Plan:

Prepare a REDD consultation, participation, and outreach plan, to ensure continuous, inclusive consultation and participation of a wide range of non-government and government stakeholders during the development (and eventual implementation) of your REDD strategy, implementation framework, reference scenario, monitoring system, and other R-Plan components during the Readiness phases.

Component Standard S-2b: A full consultation, participation and outreach plan (not ToR) is presented that incorporates a reasonable process of continual consultation, participation, and outreach that ensures stakeholder involvement in REDD deliberations and implementation at both the national and relevant subnational scales.

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

The consultation plans are comprehensive and wide-reaching, and also the subject of TORs. These include explicit stakeholder involvement, including indigenous peoples and other forest dwellers.

3. Design the REDD strategy:

3a. Assess candidate activities for a REDD Strategy:

Summarize the outlines of a REDD strategy and candidate activities, building on and addressing the land use and policy assessment of deforestation and forest degradation drivers (in component 1), stakeholder consultations, and analytic work.

Component Standard S-3a: ToR or other information is provided to elaborate analytic work and studies needed to move from this preliminary assessment to the elaboration of a fuller, more complete and adequately vetted REDD strategy over time.

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

Again, IFCA already anticipated many of the needed activities now included in the R-Plan. Of notice are the analyses of potential economic value of Indonesia's carbon stocks across a variety of land uses, which in turn can be examined through the lenses of their respective opportunity costs. The REDD strategy is seeking action at the national, provincial and district levels, each of these reflecting a different set of methodological, policy and institutional requirements. The R-Plan presents in detail the proposed activities and associated timetable on an annual basis. These are supported by a series of annexes with TORs for the different components.

3b. Evaluate potential additional benefits of REDD, including biodiversity conservation, and rural

livelihoods:

Conduct an assessment of potential benefits of the REDD strategy for biodiversity conservation, rural livelihood, and other benefits deemed important by a country (e.g., ecosystem services, water supply).

Component Standard S-3b: A set of ToR or a plan for how to more fully assess these potential benefits and potential adverse impacts is provided, that seem likely to adequately address the integration of major benefits and potential impacts (e.g., on livelihood, biodiversity, ecosystem services) and minimize adverse impacts over time in relation to the REDD strategy and evolving monitoring system.

Reviewer’s assessment of how well R-Plan meets this standard, and recommendations:

This assessment seems to have been overlooked in the body of the R-Plan. Annex 5 presents a quite abbreviated TOR designed to assess these additional benefits.

The assessment of rural livelihood impacts as well as the identification of likely distribution of benefits and costs among affected groups/ stakeholders is inadequate. The assessment of risk also needs to be strengthened. Special attention should be given to forest communities, indigenous peoples and smallholders in these assessments.

3c. Trade-offs analysis:

Assess the trade-offs across candidate elements of your REDD strategy in terms of your broader land use policy dialogue in the country, sustainable development policies, biodiversity impacts, and early estimates of benefits and costs, to help define an integrated REDD strategy.

Component Standard S-3c: ToR or a plan to further develop the capacity to conduct such a trade-off assessment is presented that seems likely to eventually ensure a reasonably robust and balanced assessment of such trade-offs (e.g., broader impacts on forests from planned developments in, inter alia, industrial logging, industrial agriculture, the energy and transportation infrastructure, and extractive industries).

Reviewer’s assessment of how well R-Plan meets this standard, and recommendations:

The same comment as above applies here. The abbreviated TOR in Annex 5 contains this element as well.

The processes and mechanisms to be put in place to address conflicts that can arise from REDD-related activities also need to be designed. Provision for the establishment and operation of mechanisms for conflict management and dispute resolution will have to be included as integral part of the Strategy.

An expected outcome of this component is the design of equitable and cost effective REDD strategy, taking into account sectoral and national development goals. “Equitable” needs to be defined in operational terms and used as a consistent criterion in assessing and evaluating REDD Strategy and activities. Considerations of equity should take into account distributions and trade-offs across sectors and stakeholder groups, between national and sub-national level, and actors across time and geographic space. The question of who gains and who loses will have to be consistently asked and the answers made explicit.

3d. Risk assessment of your REDD strategy

Evaluate barriers to successful implementation of your REDD strategy, risks associated with the strategy

elements you propose, and ways to reduce or compensate for those risks.

Component Standard S-3d: ToR or a plan to further elaborate such barriers and risks is presented that seems likely to allow their full evaluation and adequate incorporation into the eventual REDD strategy (e.g., capacity constraints, elite capture, perverse incentives, political economy considerations, biodiversity impacts, etc.).

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

Likewise, the same comments in 3.b. and 3.c. apply here.

4. REDD implementation framework:

Assess the institutional arrangements and legal or regulatory requirements needed to implement REDD activities, including potential reform of specific elements of the policy framework for forest governance, and design of an equitable and sustainable payment and benefit-sharing mechanism for REDD.

Component Standard S-4: ToR or a plan to further elaborate institutional arrangements and issues relevant to REDD in the country setting that identifies key issues, explores potential arrangements to address them, and offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package. (Plans in this component may depend in part on outcomes in international negotiations).

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

This session is well developed, and places a welcoming emphasis on the equity and distributive aspects of a future REDD mechanism, including how financial flows could be spread across the different government levels and sectors. The R-Plan presents a detailed set of activities and associated timetable on an annual basis, accompanied by a TOR in Annex 4.

Analysis of Indonesia's experience with payment schemes such as DAK-Dana Reboisasi can be instructive and provide pointers for designing the fund distribution mechanism for REDD. It will be necessary to also implement a rigorous system of monitoring the payment distribution mechanism and to design effective safeguards and sanctions against corruption, rent-seeking and other irregularities.

The RPLAN aspires to implement a "pro-poor REDD", an aspiration that should be strongly supported and encouraged. However, the concept of "pro-poor REDD" needs further elaboration. This component should include discussion on the basic outlines and characteristics of a "pro-poor REDD" and how it will be implemented in practical, operational terms or a TOR should be designed to address this topic.

Clear, secure and enforceable rights to carbon and related resources need to be ensured especially for indigenous people, forest communities and smallholders, if they are to benefit from REDD. We recommend that the RPLAN include an explicit discussion on issues relating to carbon and forest resource rights and tenure and how these will be addressed in REDD design and implementation.

5. Assess the social and environmental impacts of candidate REDD strategy activities:

Assess potential impacts by performing an impacts assessment, using the Environmental Strategic Management Framework or another analytic approach. Potential impacts may include, *inter alia*, effects on livelihoods and communities of forest-dependent peoples, and the environment.

Component Standard S-5: Identify potential key impacts, and present a ToR or plan to evaluate how to address those impacts via studies, consultations, and specific mitigation measures aimed at preventing or minimizing adverse effects.

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

Document appropriately lists environmental impacts to be covered and to ensure that these are consistent with World Bank safeguard policy requirements.

This section is adequate for the state of the R-Plan, and covers the appropriate aspects that pertain to the social and environmental impacts of REDD. The R-Plan could, however, have benefited from a more thorough analysis of these potential impacts and trade-offs.

Institutional arrangements that will contribute to the efficient implementation of several policies will be assessed under this component. It will be important to also assess and identify ways of dealing with problematic institutions/policies that foster inefficiency, rent seeking and perverse incentives.

In assessing the trade-offs and risks of REDD, in addition to examining transactions costs of alternative policies for avoiding deforestation, it will be necessary to also examine the equity implications of alternative policies. An explicit and in-depth assessment of who gains and who loses will have to be undertaken and should be central to subsequent discussions and decision-making about how to proceed.

6. Assess investment and capacity building requirements:

Assess candidate REDD strategy elements and the REDD implementation framework, in terms of capacity requirements, financial support needed, and gaps existing with regard to potentially available resources.

Component Standard S-6: Summary of rough estimates of investment requirements, capacity requirements, and gaps for your major REDD strategy elements. Present ToR or a plan for how to estimate investment and capacity needs to eventually implement the REDD strategy.

Provide the spreadsheet in Excel, including the three sheets listed below:

- 1. Summary of R-Plan implementation, across Donors, including dates*
- 2. Detailed Budget, across Donors*

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

This section spells out the higher level activities associated with the capacity building needs, and the estimated costs and related timetables.

(1) For a set of items of this financial magnitude (estimated at \$4 billion), the R-Plan (and associated TOR) could have benefited from a more thorough assessment of gaps across the key needs for a REDD implementation framework.

(2) In addition, Indonesia is receiving assistance from other countries. How much of that assistance would be used for the same strategies? To what extent is the proposed budget additional?

(3) A major strategy in this component is the establishment of a 1 million ha compensatory fast growing timber plantation resource by small holders. This is significant and merits further elaboration. What are the risks and livelihood implications of this strategy and what measures will be put in place to promote successful outcomes, reduce the risk and manage possible conflicts?

(4) Strategies and activities to enhance the capacity of community groups, including adat communities to engage in forest management through REDD activities is critically important and should be a priority. The scope for capacity building and support should not be limited to silvicultural, technical forest management aspects but should also include REDD/ forest policy literacy, the development of capacities to negotiate and skills needed to benefit from REDD activities and carbon markets.

7. Develop a reference scenario of deforestation and degradation:

Develop objectives; a work plan to realize those objectives during the R-Plan implementation phase; and prepare the ToR for the majority of that work plan.

Component Standard S-7: Present ToR or a first-order plan for how the reference scenario for deforestation, and for forest degradation (if desired), will be developed, including major data requirements, early ideas on which methods to use, and how a reference scenario would be presented for consultation. (FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. R-Plan states what is planned as early activities.)

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

IFCA laid out most of the elements that should be included in a plan for the development of reference scenarios, which was well-supported by international expertise. This section is adequate for the stage of the development of the R-Plan and offers the necessary details and timetable.

Couple of points worth noting about the development of the reference scenario. Given the deficiencies in available data and discrepancies between national and regional levels on forest function and actual land use, multi-stakeholder input would help in the development of scenarios. The exercise of participatory scenario development can clarify and test the validity of assumptions and may serve to facilitate agreement on future courses of action.

The process of establishing the REL needs to have both top down and bottom-up inputs rather than only or mostly top-down. It will be important to carefully plan the sequence and synchrony of activities for REL establishment to create ample opportunities and time for bottom up input. Will the Demonstration Activities and relevant other projects have scope to contribute to REL establishment?

8. Design a monitoring, reporting and verification system for REDD: Provide the capacity to monitor:

1. deforestation, forest degradation (if desired), and forest sector carbon emissions over time, in relation to the Reference Scenario, and leakage or displacement of deforestation or forest degradation elsewhere within the country; and
2. impacts of the REDD strategy in the forest sector (including, for example, rural livelihoods, social and environmental impacts, forest sector governance, and biodiversity).

Component Standard S-8: ToR or a first-order, draft plan for how the monitoring, reporting and verification system will be developed, including major data requirements, the need for transparency of the monitoring system and data, early ideas on which methods to use, and how the system would be presented for consultation. Early ideas on how the system could incorporate periodic monitoring of:

1. *deforestation and forest degradation (if desired); and*
2. *impacts of a REDD strategy in the forest sector, as described above,*

into an evolving REDD monitoring system. (FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-Plan should state what early activities are planned to begin development of the forest and forest sector monitoring system.)

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

Provides an adequate description of the monitoring system that is being established in Indonesia as part of the Forest Resource Information System (FRIS) and the National Carbon Accounting System. The plans are closely tracking international policy developments in this arena, and might thus be pre-adapted to upcoming decisions. FRIS is intended to generate information needed to provide estimates of land based carbon emissions and uptakes and also generate information on other forestry relevant aspects, such as biodiversity, logging operations, illegal logging, law enforcement operations and forest fire management.

Additional information needed to strengthen the document:

1. How the M&R data will be verified and who will do the verification (V)?
2. Discussion of ways that drivers of deforestation and degradation will be monitored. This is important since this information will be the basis for identifying the causes and the benefits needed for implementing a REDD program.
3. The RPLAN should incorporate participatory mapping methods, particularly multi-stakeholder mapping as that has been carried out in Papua province, as a means of ground truthing. This method can help improving the accuracy of the spatial data.

9: Design a system of management, implementation, and evaluation of readiness preparation activities (Optional):

The REDD management system is **optional**, but beginning one is recommended, to develop a means to synthesize and manage the REDD program, including evaluation of progress at regular intervals.

Component Standard S-9: (Optional): Present a summary of your thinking on how to develop a REDD management system to keep track of REDD activities, responsibilities, funding, funding needs, and evaluation of activities to date.

Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

This section was not developed in the R-Plan.