



Emission Reduction Programs in Indonesia



PRESENTED AT THE 11TH CARBON FUND MEETING,
6 – 8 OCTOBER 2014, WASHINGTON, D.C.



OVERVIEW OF THE PROGRAM

+ Indonesia's Forests

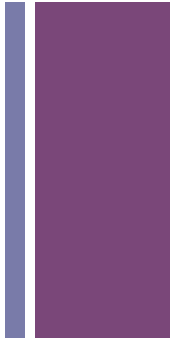
- Forest areas about 130 million ha
- Forest cover about 98.07 million ha



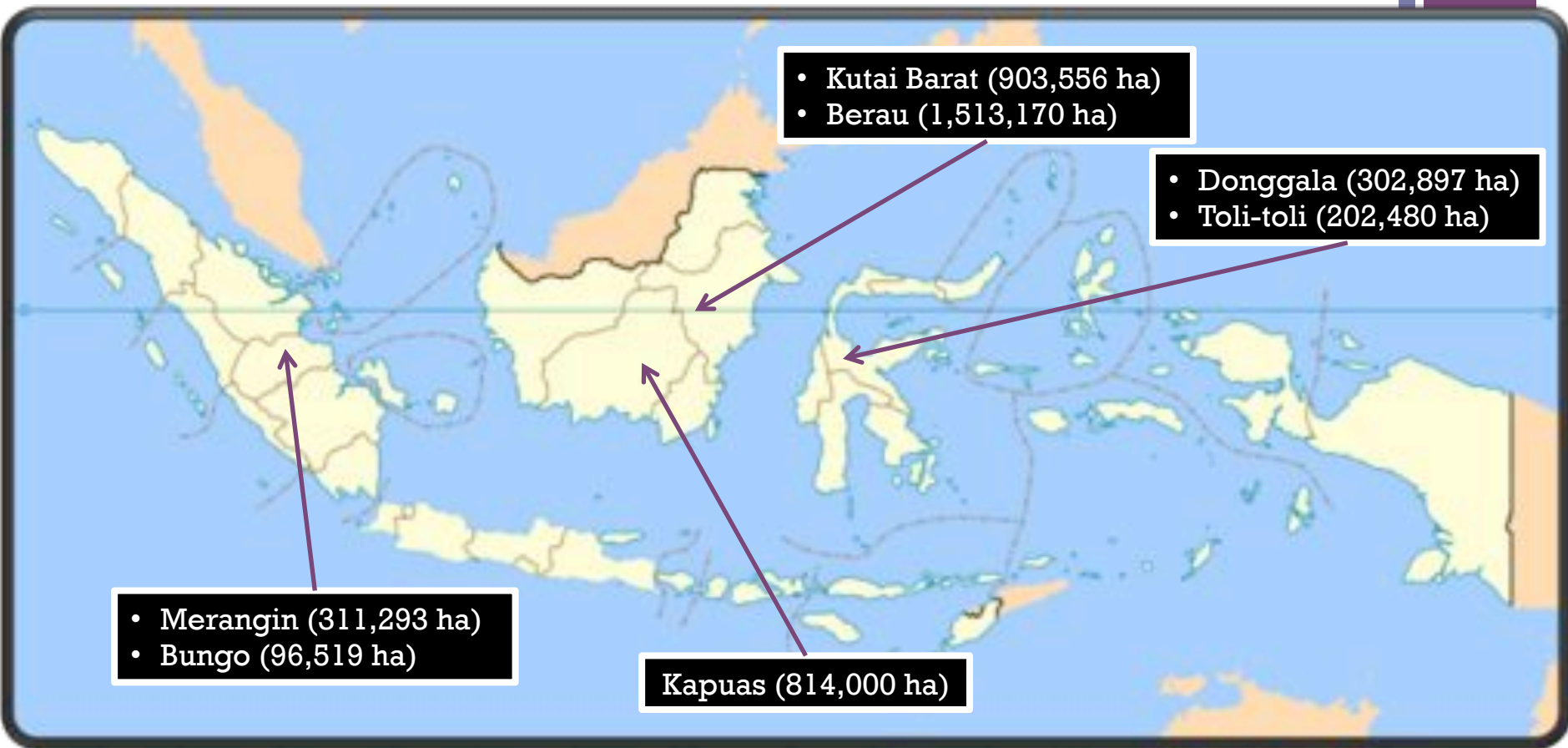


Main Drivers of Deforestation

- The needs of land or forest conversion for other non-forest purposes
- Forest and peat land fire
- Insecure forest tenure system



+ Emission Reduction Program Location



Note: The Numbers are forest areas

+ Selection of the Location

Criteria for Selection:

- Fit with broader REDD+ priorities
- Building on previous REDD+ investments
- Strong civil society engagement
- Commitment from the local government
- Potential to achieve emission reduction target and/or enhancing carbon stock
- ER Potentials





Commitment of Local Government



+ Institutional Arrangements

- Managing Agencies:
 - Ministry of Forestry
 - REDD+ Agency
 - District and provincial governments
- Supporting Agencies:
 - National Development Planning Agency, Ministry of Finance, Ministry of Environment, Ministry of Home Affairs, National Council for Climate Change
 - Forest Management Unit – FMU/KPH institutions
 - Customary (*adat*) communities
 - Local NGOs
 - Program partners
 - The National Forestry Council



+ Stakeholder Consultation and Participation

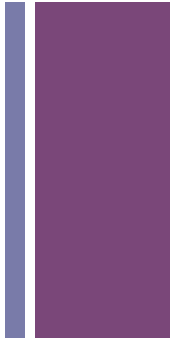
- Stakeholder engagement 26 March - 3 September, 2014 covering 7 national and 10 regional meetings involving:
 - Governmental agencies
 - international partners
 - the private sector
 - Universities and research institutions
 - CSOs and NGOs
- All engagement follow NFC/DKN Consultation Protocol
- Draft of ER-PIN has been posted in FCPF-Indonesia and BP-REDD+ websites since August 2014



THE IDEA OF THE PROGRAM



Building on REDD+ Readiness Progress



- National REL have been drafted, with sub national calculation at 11 Provinces as part of national REL
- Design document for a national MRV system prepared and under consultation
- Safeguards
 - Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI) – developed and adopted in a highly participatory way: 10 social and environmental principles
 - Integration SIS and PRISAI as one national safeguards system in 2014
- Fund for REDD+ in Indonesia (FREDDI) under design; Several options have been proposed: fiscal transfers, National Community Empowerment Program (PNPM)
- Over 56 million ha of state forestland across 25 provinces allocated into 600 discrete KPH areas. At least 120 KPH institutions should be operationalized in 2014

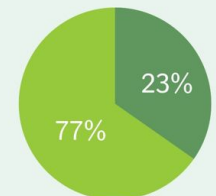
Progress in the 11 Priority Provinces



Prerequisite Actions

- Provincial Strategy and Action Plan and Governor decree
- Reference Emissions Levels
- Baseline and Cadastral Map
- Memorandum of Understanding with Province/District
- REDD+ Work Unit

- Completed
- Ongoing
- Absent



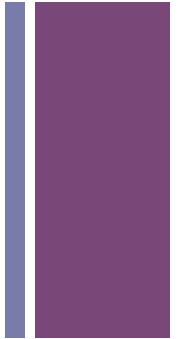
Forest cover

- Priority Provinces (77.151.500 hectare)
- Other Provinces (22.604.300 hectare)



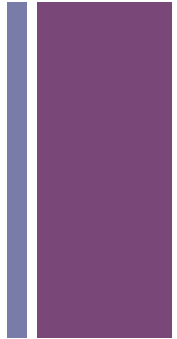
Policy Support at National Level

- One map initiative
- National Forest & Peat Fires Prevention Efforts
- License audit process is on track in Central Kalimantan, Jambi, East Kalimantan and Riau
- Roadmap document for legal reform on forest and peatland governance & strengthening of procedure and mechanism of enactment/amendment of laws and regulation
- Progress of Licensing Information System (*Sistem/Satu Informasi Perizinan - SIP*)
- Recognize & protect *adat* communities rights
- Conflict Resolution Program
- Law enforcement efforts to protect our forests and peatlands





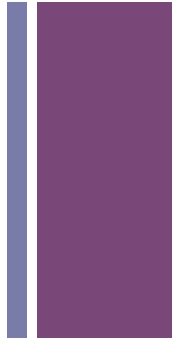
Estimated Reference Emission Level



District	Forest (ha)	Historical Deforestation (ha/yr)	Historical CO2 emissions by Source (tCO2e/yr)				Total
			Deforestation	Degradation	Peat Decomp.	Peat Fire	
Donggala	302,897	1,197	778,050	194,513	-	-	972,563
Tolitoli	202,480	1,585	1,030,250	257,563	-	-	1,287,813
Berau	1,513,170	16,440	10,686,000	2,671,500	283	-	13,357,783
Kutai Barat	903,556	12,427	8,077,400	2,019,350	576,527	85,184	10,758,460
Kapuas	814,000	8,537	5,549,050	1,387,263	5,820,815	9,280,565	22,037,693
Merangin	311,293	9,860	6,409,000	1,602,250	-	-	8,011,250
Bungo	96,519	5,202	3,381,300	845,325	-	-	4,226,625
Total	4,143,915	55,248	35,911,050	8,977,763	6,397,625	9,365,748	60,652,186



Expected Emission Reduction



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

+ Proposed ER Activities

- Activities are based on the REDD+ strategies of the respective provinces
- Supporting and building on transformative reforms in forest and land governance
 1. Support for local Forest Management Unit (KPH) Development (30% of program area)
 2. Support for Land and Spatial Planning Reforms (across entire program area)
 3. Community based activities (across entire program area, with focus on KPH areas)
 4. Activities related to forest concessions (production forest land) and estate crops (across program area)



+ Site-based activities

- Specific field-based activities will be guided by the SRAP and other REDD+ strategies of the corresponding province,
- Will build on the previous activities aimed at governance improvements
- Kutai Barat and Berau have solid ER programs in place
- Design of site-based programs in other districts will take place during ER-PD design phase
- Overall site-based activities will include
 - Community based activities: including support for community based forest management (CBFM) i.e. village forest, customary forest, alternative livelihoods, yield improvements, and capacity building
 - Activities related to forest concessions and estate crops: including capacity building for RIL, best management practices, support for certification systems, and land swaps.



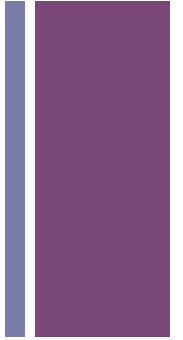


Supporting the Development of KPH



- KPHs will be responsible for developing management plans, for overseeing license holders, and for monitoring land use activities, particularly in open access areas not under license
- The total area covered by the KPHs in the seven districts is around 1.3 million hectares
- Support the development of institutional models
- Community-focused investments to enhance the enabling conditions for sustainable land use and REDD+ project implementation
- Activities will support KPHs and other subnational institutions

+ The Role of Private Sector



- Improve practices of forest concession towards sustainable practices (Berau, West Kutai)
- Applying sustainable palm oil practices to palm oil concessions
- Indonesia is one of the working group members of the Tropical Forest Alliance 2020 with the task to mediate and facilitate the needs of private sector to remove constraints to businesses (policy, facilitation/technical assistance)



Managing the Locations of ER Programs



- Signing MOU by and between Ministry of Forestry, REDD+ Agency and the key institutions in the 7 districts
- Supporting and coordinating policies across sectors in support to the programs in the 7 districts
- Establishing National Secretariat for communicating and coordinating the programs in the 7 districts → key institutions within the districts

+ Leakage monitoring and mitigation design among 7 district

- Leakages and its agent should be identified when the baseline (REL), driver of deforestation and activities are set up through driver of deforestation
- The agent should be identified in the baseline to set and decide where is potential leakage comes from in the region outside (orange) of project areas (blue polygons).
- For unplanned deforestation (e.g. from illegal logging or encroachment), should be identified how far the potential risk from the border of the JA,
- The mitigation should be taken by one level above of the project, sub-subnational or district will be mitigate by province (orange and green polygon).



+ Preliminary Financing Plan



Preliminary Costs

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

+ Preliminary Financing Plan (Ctd.)



Preliminary Preliminary Funding (excluding ER Sales)

Source	Funding (US\$)
FCPF Readiness Funding (grants)	2,500,000
Government budget	11,200,000
Berau Forest Carbon Partnership (grants)	50,000,000
Kutai Barat (grants)	82,500,000
Merangin (grants)	5,000,000
Funding from partners in remaining districts	-tbd-
Total Sources	151,200,000

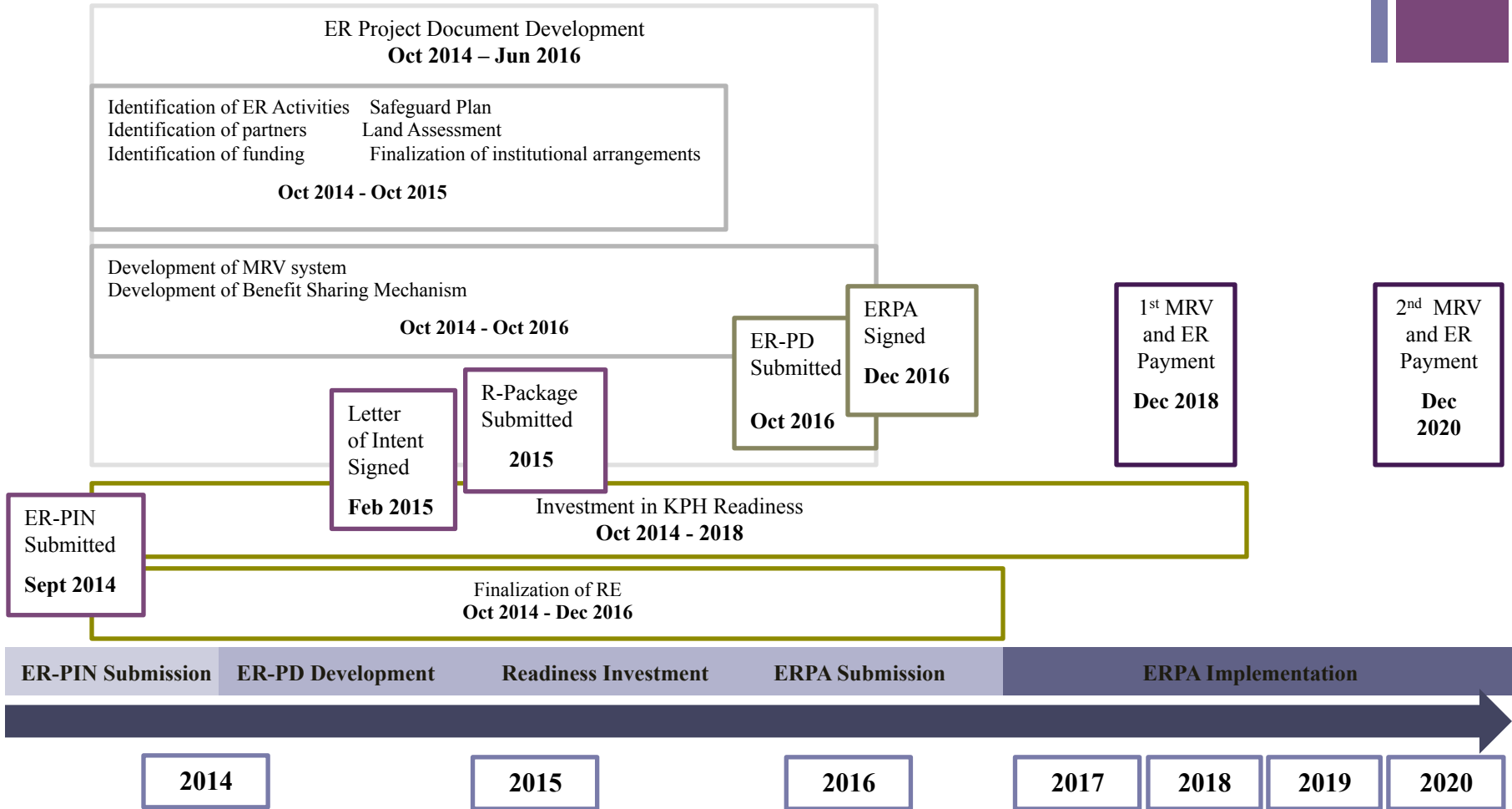
- Expected total amount of ER → 71.5 million tonnes CO₂e
- 40% buffer, ER expected to be sold is 42.9 million tonnes CO₂e → US\$ 214.5 million
- At least 90% of this purchased by the CF

+ Preliminary Financing Plan (Ctd.)

-FREDDI-

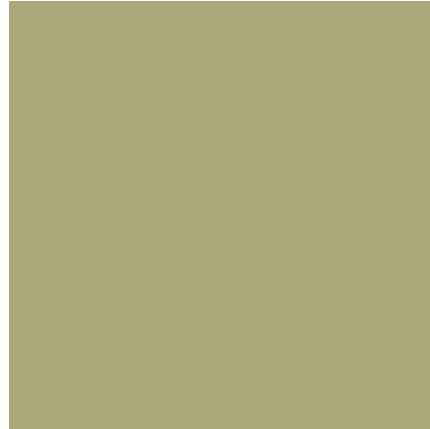
- FREDDI operates based on its 4 funding windows → national, subnational, competitive, small grants
- Fulfillment of the 5 Prerequisites at Provincial level
- Signing of MOU at district level
- Total approximate funding for phase 2 (2015-2016) USD 150 million covering:
 - institutional building (national & subnational)
 - partial operational cost
 - programmatic fund
- Phase 3 (2017-2020), the total approximate funding is up to USD 800 million on a performance-based payment basis
- Mobilising funds from other source of funding (Bilateral, Multilateral, private sector)

+ Next Steps





Terima
Kasih



Thank You