

## Indonesia

### Grant Reporting and Monitoring Forest Carbon Partnership Facility (FCPF)

#### A. General comments on the REDD+ Readiness process

Indonesia has shown significant progress on REDD+ in the past three years, towards fulfilling all the major elements of REDD+ Readiness (as defined in the FCPF R-Package). The National REDD+ Strategy has been formally adopted in 2012, which sets out a series of actions targeted at the main drivers of deforestation and forest degradation across the country. The long-term vision of the strategy is to make Indonesia's forests carbon sink by 2030, and in the short-term to provide enabling conditions to improve institutions, governance, spatial plans, and the investment climate. Progress has also been achieved in the finalization of national MRV system, including the scheme of a clear roadmap towards MRV development and various capacity building and data collection activities at the local level. Methodologies and data requirements for the development of a national-level, and potentially sub-national level, REL are under continued discussion across government agencies and research institutions. As to the national REDD+ Readiness arrangements and multi-stakeholder consultations, the Ministry of Forestry and the REDD+ Agency (previously REDD+ Task Force) have been leading the process in a highly participatory fashion through the promotion of various multi-stakeholder consultation and information sharing events. The final arrangements for REDD+ implementation in the country, came up with enactment of national REDD+ agency under a president regulation No. 62/2013. Meanwhile, in line with this, a funding instrument for REDD+, are continued under discussion at the highest level of government.

Despite all progress in REDD+ Readiness, there are still major challenges related to forest governance and to the political economy of deforestation and forest degradation. The regulatory and legislative framework for forest management (and related to other land use sectors) is fragmented, often inconsistent and sometime even contradictory. Overlapping regulations and unclear authority often results in conflicts over land use and land use permits. Particularly acute are the conflicts between the national and decentralized administration over authority to issue forest use and conversion licenses and over forest management oversight and sanctions enforcement. Decentralized government policies are also often geared towards revenue generation activities, which often promote forest conversion into other land uses. Ministry of Forestry often lacks financial and human resources and capacity to manage forests at the local level, leading to an open access situation or to lack of oversight of private companies operations (particularly timber concessions and big estate ). Although legally recognized, customary rights of indigenous communities to forests are often not applied in practice. However, a recent court ruling effectively created Customary Forests *Adat Forests*, MK35/2012, compared to private and State Forests thus far. This court ruling (MK35/2012) and other court ruling (MK45/2011 on spatial planning and gazzement) will have significant impacts on future land/forest use and land rights. There has also

been no real concerted effort to promote community-based forest management at the national level so far. Hence, achieving REDD+ in Indonesia will require serious policy reforms in areas such as land use planning, licensing rules, in addition to strengthening capacity at all levels and law enforcement. Nevertheless, it should be noted that REDD+ has galvanized an unprecedented level of attention to these topics from high-level government.

The national REDD+ Readiness process in Indonesia has been somewhat fragmented, given the high number of actors involved (national and provincial government agencies, development partners, NGOs, research institutions, etc.) and the very nature of the country (an archipelago of over 18,000 islands), which makes it difficult to present a complete snapshot of the REDD+ Readiness process. Following up to previous coordination efforts promoted by the FCPF, the 2013 Mid-Term Progress report was yet another good opportunity to bring together all stakeholders and to foster knowledge exchange across them.

Although the FCPF grant has made important contribution to the REDD+ Readiness process in Indonesia, it must be seen as an element of a larger and dynamic national process. The FCPF grant has allowed the Ministry of Forestry to promote capacity building, analytical work and demonstration activities focused on some provinces not currently covered by other donors (such as Maluku, West Papua, South Sumatra, etc.). The grant has also addressed gaps in the process, such as support to the SESA process and fostered further local-level consultation, and conducting forest carbon assessment in different forest types through permanent sample plots. The FCPF grant has also fulfilled specific knowledge gaps and analytical work. These gaps have been identified in a participatory manner with major stakeholders in the country.

We summarize the main achievements below, structured around the four R-Package criteria.

## **1. Readiness Organization and Consultation**

### ***a. Readiness Organization***

The national REDD+ management arrangement has been progressing significantly. Several initiatives have been established with further development remains, for example the establishment of MRV – NFMS, REL/RL, SIS and financing instruments.

REDD+ Readiness receives contributions from a number of stakeholders, Ministry of Forestry and the REDD+ Agency which was formed under President's UKP4 Task Force coordination, being two of the major actors, in collaboration with donors, CSOs, and national and subnational governments

The **Ministry of Forestry** is conducting a series of REDD+ Readiness activities with the support of the FCPF. FORDA and the Center of Standardization and Environment are leading these activities, in partnership with a number of actors, including the National Forestry Council (DKN). The Ministry of Forestry also leads a Steering Committee made up of representatives from the REDD+ Agency, Ministry of Finance, National Development Planning Agency (BAPPENAS) and the National Climate Change

Council (DNPI). Given the multiplicity of actors and the small size of the FCPF grant compared to other efforts, the readiness activities identified in the FCPF grant agreement are a subset of an overall readiness effort to support the national REDD+ strategy. In this context, the FCPF is supporting selected strategic analytical inputs and a consultative process.

In September 2013, the President Yudhoyono signed a presidential regulation No. 62/2013 on the establishment of managing agency for the reduction of emission from deforestation and land degradation of forests and peat lands (REDD+ Agency), as part of the government commitment on climate change partnership with the Government of Norway. The REDD+ Agency will report directly to the President and will be tasked to help the President in coordinating, synchronizing, planning, facilitating, managing, monitoring, overseeing and controlling REDD+ in Indonesia. The establishment of the REDD+ Agency will be a starting milestone for National REDD+ implementation in Indonesia. Upon the establishment of the Agency, the grant agreement for the second phase of performance-based funding between Indonesia and Norway will be signed.

The REDD+ Agency has key function to further: (a) formulating and developing the National REDD+ Strategy to implement REDD+ in Indonesia; (b) formulating the scheme of safeguard for social, environment and financial; (c) facilitating the formulation and implementation of REDD+ policies and mainstreaming the REDD+ to national development agenda; (d) coordinating the preparation of REDD+ funding instrument and mechanism as well benefit sharing mechanism especially for REDD+ implementer; and (e) managing fund and other aids related to REDD+.

The Agency will have structure with one head and four deputies enriched with at most 60 professionals. Currently this structure is in the process to be completed and only two deputies are and installed supported with a sort of small team consisting of 27 members which are all originated from the former REDD+ Task Force.

With the current given structure the agency has made quite essential progress. This partly covered (a) setting up what they called “5 pre-requisite and 10 imperative actions” with which the agency (b) executing a series of field visits to communicate with some priority provinces and its several selected districts for each mainly to finally (c) set up an MOU and a letter of cooperation in implementing REDD+ actions in the district jurisdiction. Currently there are total 5 provinces and 29 districts have the MOU and the cooperation letters.

In the national scale the agency has partly hosted **Indonesia 11 Meeting** – a national multi-stakeholders meeting. This 2-day meeting was held in the Agency Office Jakarta on 2-3 April 2014 involving local government and stakeholders from 11 priority provinces across the country. The main objective of the meeting is to introduce the agency structure, plan and strategy and to further discuss a programmatic action with each local government which could be cooperated with the agency.

The enactment and operationalization of the REDD+ Agency has been a major milestone for National REDD+ implementation in Indonesia. Upon the enactment of the Agency together with the nomination of Head of Agency, the Norway/Indonesia partnership entered officially into its second phase. FREDDI as the financing instrument for the REDD+ Implementation and MRV agency will be embedded in the Agency current structure

The details on institutional arrangements of FREDDI, fund flow, project cycle and reporting requirements, and the project pipeline windows are developed and ready to be presented and discussed with members of the future Board of Trustees. For executing all current actions the FREDDI was executed by using UNDP as an interim Trustee. On the long run, a national Trustee will be selected.

Under current progress, a number of **challenges** remain. These include: (a) The REDD+ Agency needs to be budgeted, staffed and better operationalized, and need to facilitate and approve the national Framework for REDD implementation in Indonesia, (b) National management arrangements need to be better aligned with sub-national agencies at the province, district, village and project levels, (c) Sub-national REDD+ working groups and local institutions need to be strengthened, (d) Community level institutions need strengthening in order to facilitate partnerships, (e) Forest Management Units (FMUs) need to be strengthened to support field level REDD+ management and implementation, and (f) subnational REDD Action Plans budgeted, implemented and adequate incentive systems need to put in place to accelerate its implementation.

### ***b. Consultations. Summary***

The consultative process on Climate Change and REDD+ issues has been on going since 2008. A number of consultation processes have contributed to the development REDD+ policy development. A National consultation Protocol was developed by DKN and serves as a basis for informing all consultation processes. Furthermore community level protocols are currently under development and will be used for consultations with Indigenous Peoples and other local forest dependent communities on REDD+.

FCPF has carried out numerous capacity building initiatives at the national and subnational levels. Besides workshops and trainings on REDD+, outreach materials in the form of digital and print media have led to an increased understanding of REDD+ at all levels. This material is accessible at [www.fcpfindonesia.org](http://www.fcpfindonesia.org).

Private sector has been consulted during the preparation of local-level REDD+ strategies. They have also been heard during the analysis of drivers of deforestation and forest degradation, given the role of some commercial activities in spurring forest loss. Some Demonstration Activities are also led by the Private Sector and those have received guidance from Ministry of Forestry. As the FCPF grant is implemented further, engagement with private sector is expected to be strengthened.

In spite of tangible progress in consultation and outreach, stakeholder capacity at the district level needs to be strengthened further. There is still a gap in understanding concerning REDD+ policy as well as technical aspects of REDD+ between the national and subnational levels. Closing this gap will require further training of extension officers, and more outreach to local communities.

## ***2. REDD+ Strategy Preparation***

Analytical work and public consultation process through activities of Identification of Deforestation and Forest Degradation Drivers and Activities that Result in Reduced Emissions, Increased removals and Stabilization of Forest Carbon Stock across Indonesia identified a number of perceived underlying drivers of deforestation and degradation including inside and outside forest jurisdictions. Some of the key findings of this focus area have been identified.

Indonesia's President declared that Indonesia would reduce its greenhouse gas (GHG) emissions by 26% of 'business as usual' emission levels by 2020 through self-funding, or by 41% with international help.

The National REDD+ Strategy aims to contributing to this goal, by ensuring forests are a net sink by 2030. The Strategy was finalized in early 2012 and launched at the Rio+20 Conference. The Strategy document was officially adopted in September 2012. It consists of five main pillars: (i) Development of REDD+ Agency, MRV institution and Funding instrument; (ii) Legal and regulatory reform; (iii) Paradigm shift and work culture change; (iv) Participatory process; (v) Strategic programs to create changes in the preconditions for effective implementation. The overall objectives of the strategy are: (i) to improve overall forest and land governance as precondition for sustainable forest management; (ii) to implement sustainable forest and land use management; and (iii) to realize the carbon and co-benefits of the sustainable forests and land use system. The Strategy will be implemented in a stage-wise approach, leading toward a complete establishment of all system components toward the end of third year of implementation. Synergizing the National REDD+ Strategy and the National REDD+ Action Plan is needed. The gaps that remain to be addressed include use of similar data and approach on forest carbon accounting and monitoring to complement one to the other.

National REDD+ Action Plan. The Action Plan was completed in December 2012. The document contains the elaboration of strategy into actionable steps at the national level. The process of its development is done through interactive and iterative process parallel with the development of the provincial strategy and action plans of the 11 priority provinces. As such, the action plans link the proposed actions at the sub-national level with the national ones. This is especially true with regards to the changes of regulation or the licensing arrangements. The National REDD+ Action Plan is geared to be supportive of the implementation of the bigger climate agenda which is the RAN-GRK (the national action plan to reduce GHG) that targets the 26-41% overall emission reduction by 2020 by keeping economic growth around 7%.

Provincial Strategy and Action Plans (PSAP) of the 11 priority provinces are progressing at different stages. WG Strategy of the REDD+ Task Force facilitates the process of the development of and provides technical guidance for the substance of the PSAP documents. Under this facilitation, PSAPs follows a coherent approach that had been agreed by delegates of the 11 provinces at the beginning of the process. The provincial document qualifies as PSAP when it is aligned with the National REDD+ Strategy, developed through a multi- stakeholder process involving district stakeholders, and addressing the three sub-programmatic questions: (i) what are the enabling condition that must be made available in order for REDD+ program to be implemented; (ii) what are the problems that need to be resolved; (iii) what are benefits for the communities and how to achieve them. As of end of December 2013 all the PSAPs are completed and displayed in a national level multistakeholder meeting on 19 December in Jakarta hosted by a transitional small team generated from the former REDD+ Task Force. From these all PSAPs documents the REDD+ Agency summarized what they called "5 Prerequisite and 10 Imperative actions". By using these 5 P and 10 I Actions, the REDD+ Agency communicates with all provincial and district government partly to set up an MOU and Cooperation Agreement. As of April 2014 there have been 29 districts in 5 provinces signing both MOU and the agreements. Meanwhile, RAN and RAD GRK have also been widely adopted in 33 provinces in Indonesia. The synergy of the strategy needs to be fully understood at the sub national and local level.

### **3. Reference Emissions Levels/Reference Levels (REL/RL)**

REL/RL is an important indicator in which achievement of REDD+ will be monitored. Significant progress has been made in developing a national reference emission level. However, REL at national level is not determined yet, where further improvement and development are still needed. The Ministry of Forestry has established a robust methodology and extensive products quantifying Indonesia's forest resources. Data sets document land cover and land use changes from 1990 to present are available and can be used to quantify land dynamics across Indonesia. Further, the REDD+ Task Force has developed draft RELs for 11 provinces, however, these have not been officially adopted and some works remain needed to harmonize with the national and regional climate change action plan (RAN-GRK and RAD-GRK). As part of the effort, the REDD+ Agency is currently recalculating the RELs using national approach developed by the Agency.

Another positive development is what is generally referred to as the "One Map" initiative. The effort to synergize the maps used by the different agencies will help improve the quality of data and the efficiency in data gathering and reporting. In addition, the government is working on a national cadaster and is continuing with the delineation and demarcation of land designated as state forest area (*kawasan hutan*).

Important progress note is that currently the REL for national level has not been determined yet, although the REL data is complete which provide an accurate large-scale view. However, lesson learned from sub-national implementation can be used as important inputs for the national REL development. Therefore, the work on sub-national data collection should be continued, including data from Das and other REDD+ projects, and integrate the result into the national system.

### **4. Monitoring Systems for Forests and Safeguards**

#### **a. Monitoring Systems for Forests**

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

The vision of the national MRV system is to become a national system which is consistent, transparent, complete, accurate, participatory and adaptive according to social condition and the bio-ecoregions of Indonesia. The purpose of National MRV system is to back up the National REDD+ Strategy and the RAN-GRK, while complying with UNFCCC standards (including on reporting co-benefits and safeguards). The MRV system will measure the performance of all REDD+ activities, and encompass Nationally Appropriate Mitigation Actions (NAMAs) in the sectors of Agriculture, Forestry and Land Use (AFOLU). The national MRV system is expected to be able to monitor emissions from peatlands, given its overall importance.

Some of the technical characteristics of the MRV system are:

- Monitoring Deforestation nationwide will be done with high frequency (approaching real-time) data, specifically to identify areas with high level of unplanned deforestation which should become the focus of REDD+ interventions;
- Monitoring of National Level (wall-to-wall) will conduct monitoring and reporting on the dynamics of deforestation, degradation and emission change, which is done quickly, automatically, biennially, and supported also by forest inventory data, information regarding various thematic maps, and information from the public as reflection of a good governance;
- Monitoring of Implementation Area/Sub-national Level with high frequency and resolution; with higher level of forest inventory sample and re-measurement intensity to obtain information on the change of carbon stock with higher level of accuracy at sub-national level, namely in areas which implement Greenhouse Gases emission reduction scheme.

A national independent MRV Agency is still expected to be created.

### ***b. Safeguards***

Based on the last supervision mission, it was concluded that the upstream analytical work and the consultations that are the twin pillars of the SESA process have been implemented through a range of activities supported by both the Ministry of Forestry and the REDD+ Agency in the last few years.

The REDD+ Agency has commissioned the development of PRISAI (Principle, Criteria and Indicators for REDD+ Safeguards in Indonesia), and a comprehensive assessment of the national policies/laws/regulations related to environment/social/institutional issues management was conducted during the development of these standards. Furthermore, the application of PRISAI has been assessed in Berau, Central Kalimantan and Jambi, among other places. Guidelines for the implementation of PRISAI and related operational procedures are currently being developed. To date PRISAI has put forward concrete principles, criteria and indicators for addressing potential governance, social and environmental impacts of future REDD+ programs/projects.

The Ministry of Forestry, on the other hand, has commissioned the development of SIS REDD+ (Safeguards Information System for REDD+) that would serve as a basis for reporting on how safeguards would be addressed and respected at the national level. The complete system also contains a set of principles, criteria and indicators (PCI). Upstream analytical work has been conducted during the process of developing the SIS-REDD+, and so far it has been piloted in Jambi, Central Kalimantan and East Kalimantan.

Both initiatives serve different purposes, but have the potential to be integrated. DKN commissioned an analysis of SIS REDD+ and PRISAI, in which the main conclusion demonstrates complementarity between the two sets of standards. The Ministry of Forestry studied the possibility of harmonizing/integrating the two instruments and will do so in the design of the Environmental and Social Management Framework (ESMF).

National Consultation Protocol has been produced, consists of robust guidelines on how to conduct national-level consultations relating to policies, regulations, strategy, etc. The protocol has been used in some of the national and sub-national consultations around the development of SIS-REDD+. It will also be used for the consultation for the FIP-funded FMU project. The development of feedback and grievance redress mechanism and IP/local community consultation protocol still remain to be completed.

## B. Overall Assessment

*Grant Objective:* To support selected REDD+ analytical work, help support REDD+ readiness processes, contribute to the discussion of Reference Emission Levels, and assist in the effort of regional data collection and capacity building.

### Main expected results:

- 1) Improved understanding and awareness of drivers of deforestation and degradation and of strategies to address them; assessment of priority investment options to reduce deforestation and forest degradation; assessment of activities within the country that result in reduced emissions and increased removals, and stabilization of forest carbon stocks; and improved understanding of the status, gaps and capacity building needs for the implementation of national REDD+ policy.
- 2) Contributions to the establishment of a REDD+ management framework at a national level; assessment of existing REDD+ regulations; and capacity building of REDD+ related institutions; consultation and outreach leading to increased awareness and ownership of the readiness process; strengthened capacity of stakeholders, including indigenous peoples, to participate in policy development processes; and an Environmental and Social Management Framework focussing on the activities financed under the present Grant.
- 3) Contribution to the discussion of a national reference scenario for emissions from deforestation and forest degradation prepared, taking into account the national accounting with sub-national implementation framework; improved understanding of terrestrial carbon cycles of different land uses; availability of a time series analysis of the primary social economic and policy aspects of land use change; Contribution to the establishment of a system of Permanent Sample Plots (PSPs) leading to an increased certainty in GHGs estimates from REDD+ in various forest types in selected areas.
- 4) New data on REDD+ potential in selected provinces generated; increased capacity to set up REDD+ frameworks and implement REDD+ programs in selected subnational locations (locations: South Kalimantan, West Papua, South Sulawesi, Musi Rawas District-South Sumatera, NAD). The Ministry of Forestry selected these regions based on support from the respective sub national governments for REDD+ and the locations of potentially relevant demonstration activities.

## 1. Overview

### 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 July 2013 to June 2014<sup>1</sup> with regards to: *Achieving grant objectives*

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<sup>1</sup>WB FCPF Supervision mission conducted in March 2014



**Comment:** The Project continues to show significant progress. A number of important results were achieved, such as capacity building and stakeholder engagement at sub-national level in the REDD+ processes, collaboration with the broader public on various readiness topic through workshops, strengthened the role of local universities, an extensive knowledge dissemination to increase stakeholder's knowledge and awareness related to climate change and REDD+ at sub-national level and safeguards review and development (SIS REDD+) as well as development of National Consultation Protocol. Significant progress has been made in the REL and MRV development, however, several challenges remain that some works are still needed to improve further development. Other challenges include the operationalization of REDD+ institution at national level, managing high expectation for REDD+ payment and other incentives, implementing technical aspect of REDD+ (e.g. MRV, REL), strengthening governance and improving consistency and harmonized the climate change action plan (RAN-GRK and RAD-GRK) and the REDD+ Strategy action plan at national and sub-national level.

#### **Overall progress from July 2013 to June 2014 with regards to: *Implementation of grant***

**Comment:** All targeted outputs were achieved during the reporting period. The implementing agencies continued to engage with multistakeholders at national and in particular sub-national level. The grant has leveraged the involvement to the local universities, forest management units and district officers for capacity building and enhancement of knowledge on forest carbon stock measurement and accounting. Permanent Sample Plots (PSPs) has been established, in close cooperation with the local agencies, almost doubled since the last reporting period.

Knowledge dissemination has improved significantly through printed publication and FCPF Indonesia website has served an important and useful tool to ensure information sharing for wider stakeholders. In addition, network of universities, research and education institutions related to forest, land and climate change has been formed in seven regions throughout Indonesia to enable knowledge exchange across the country. The capacity building and stakeholder engagement were in turn undertaken with local universities as 'hub' of knowledge dissemination.

The development of safeguards is proceeding through two main initiatives that were developed in parallel, PRISAI and SIS REDD+, supported by REDD Agency and Ministry of Forestry, respectively. The upstream analytical works has been conducted during the development of both initiatives and has been tested in several regions. The supervision mission concluded that the upstream analytical works and the consultation that are the twin pillars of the SESA process have been implemented through a range of activities. Ministry of Forestry will proceed to document the process and develop the national environment and social management framework (ESMF).

The Ministry of Forestry has showed significant commitment in the preparation of ER-PIN for a potential participation in the emission reduction program. And coordination between the Ministry and Forestry, Bappenas and REDD+ Agency, but also with NGOs, CSOs and regional Governments has showed an improvement during the preparation process.

The Ministry of Forestry has recently submitted request for additional finance that entailed strong emphasis on sub-national level activities, as well as engagement with the private sectors. The identified activities address the gap identified in the mid-term report, with four components as follows:

- Strengthening readiness at the sub-national levels (provinces, district and KPH) – strengthening to KPHs, local REDD WGs, community level institution, etc

- Private sector engagement in REDD+ related actions – consultation and analytical works on private sector roles
- Implementation framework for a socially inclusive REDD+ actions – regulations on benefit sharing, rights and role of local communities, land tenure and safeguard
- Strengthening MRV and REL – integrate data from DAs into national MRV system, capacity building at the decentralized level, to provide data to the national level.

### **Activity Risk**

#### **Comments:**

- REDD+ Agency is not fully operational yet (lack of allocation of national budget), presumably until the new government cabinet is in place. The operationalization is delayed given delays in high-level decision-making on the structure and organization.
- Clear policy framework has not emerged, resulted some delays in the implementation of activities on the ground, except the “5 Prerequisites +10 Imperatives” proposed activities. This may invite another frustrate expectations from stakeholders and continue create resistance to further engagement with REDD+.

### **Expected follow up activity**

**Comments:** During the last mission the Gol confirmed its intention to submit a request for additional funds from the FCPF (up to USD 5 million), where previously endorsed by the National Steering Committee. The updated Mid Term Report has recently been submitted, incorporating request for additional finance including the proposed activities which will emphasize more on the sub-national level intervention, particularly in the context of FMU development and the link to carbon fund.

The government also confirmed their interest in the FCPF Emission Reduction Program and decided to submit an ER-PIN in October 2014 for consideration by the FCPF Carbon Fund. The development of ER-PIN was led by the Ministry of Forestry and REDD+ Agency, with close participation from multi-stakeholder at national and sub-national level. Early idea note has been formally submitted and will be presented in the upcoming Carbon Fund Meeting in June 2014. In addition, the government has also showed interest to be part of the BioCarbon Fund, following strong interest from the BioCF donors to the Indonesia participation.

### **Summary of Key Issues and Actions for Management Attention**

The Mid Term Report is shaping up, where Gol is identifying gaps in the Readiness process to be covered by external grants and specifically by an additional finance to the readiness grant from the FCPF. Following the confirmed participation in the emission reduction program, the Ministry of Forestry should prepare R-Package within two years, in which the additional finance will help further develop important Readiness activities at the sub-national level.

The SESA process has been completed (with only the preparation of ESMF remaining). The main gap that needed to be addressed is to advance with the possibility of harmonizing/integrating between the two sets of standards (PRISAN and SIS REDD+).

The Project has excelled in the strategic outreach and consultation activities in a very systematic and well documented manner. Ministry of Forestry (through all implementing agents) has applied a very inclusive implementation approach.

## 2. Components / Outputs

### Grant Components and Implementation Progress

Comments on the outcomes achieved from July 2013 to June 2014

#### Component 1: Analytical work

Activities	Target Output (Planned Output)	Results (Actual Output)	Status <sup>2</sup>
1.1 Analyze drivers of deforestation from a development perspective, land use demands, and demographic development	Synthesis of available assessments and studies on deforestation in Indonesia with specific focus on future land use demands and demographic development	The assessment study is on-going. The study seeks to reveal the quantitative causalities of tree cover changes at district level for finding local solutions, policy lever and interventions to reduce deforestation and forest degradation. The theoretical framework highlights the multiple scales and processes of tree cover losses, differentiates between agents and underlying drivers. As next steps the study will be widely disseminated and data should be made available to other research bodies.	Under Implementation
1.3 Identification of activities within the country that result in reduced emissions and increased removals, and stabilization of forest carbon stocks (within forest jurisdiction)	Discussion of options (policies, investments, demonstration activities) for mitigation actions	<p>Priority activities are different between sub-national and national level, depending on carbon mitigation potential. Priority emission reduction in South Sumatra can be concentrated on the Forest Ecosystem Restoration, prevention of forest conversion and plantation development. In East Java priority emission reduction activities can be concentrated on plantation management and prevention of forest conversion. The emissions reduction priorities in Papua can be concentrated on plantation development, prevention of forest conversion and implementation of Reduced Impact Logging (RIL).</p> <p>Based on the results of this study the government needs to consider several emission reduction-based policies, namely: sub-national priority activities not be generalized according to a national approach, the focus should be chosen on the</p>	Completed

<sup>2</sup> Implementation Status: *Not Applicable; Planned; Procurement Ongoing; Under Implementation; Completed; Cancelled*

Activities	Target Output (Planned Output)	Results (Actual Output)	Status <sup>2</sup>
		<p>performance of emission reduction / enhancement of carbon stock at a low cost, and the government needs to sharpen the role and engagement of the community for emissions reduction activities.</p> <p>Focused areas are: East Java, Papua and South Sumatera.</p> <p>Actual output resulted from this activity include:</p> <ul style="list-style-type: none"> <li>• Journal of research on identification of emission reduction activities (addressing deforestation and degradation, increasing forest carbon absorption and carbon stock ) in Indonesia</li> <li>• Policy brief on efficiency and effectiveness of policy on mitigation of climate changes in the forestry sector</li> <li>• Research Report</li> </ul>	

### Component 2: Management of readiness process

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
<p>2.1 Institutional setting and legal framework for REDD implementation:</p> <p>2.1.3. Develop guidance for effective engagement of indigenous people and local communities at a subnational level (Location: South Kalimantan, South Sumatra (MusiRawas), Maluku, NAD, West Papua)</p>	Gaps in regulatory framework for REDD+ assessed and options for improvement identified.	Puspijak is preparing ToRs to recruit a consulting team to develop the protocol in consultation with DKN. DKN will facilitate the consultation process in close collaboration with the consulting team. In parallel, Puspijak has commissioned the Maluku Regional Forestry council (DKD) to develop an IP/community level consultation protocol for Maluku. These guidelines are expected to be completed by this year	Under Implementation

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
2.2 Capacity building of institutions and stakeholders involved in the implementation of REDD activities:	Capacity of REDD+ related institutions strengthened.	Trainings on carbon accounting, measurement and monitoring for representative of academicians, technical implementation unit, research institution at provincial and district level. Training Needs Assessment document is produced. Local universities agreed to incorporate carbon accounting and monitoring as part of their curriculum, and further develop a methodology based on the local characteristic.  Focused Area: Malang, Jambi, Bali, West Sumatra, Nusa Tenggara,	Completed
2.4 Consultation and Outreach	REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved		
2.4.1. Stakeholder Analysis “The Role and the Responsibilities of Stakeholders in Readiness Process”		Workshops and focus group discussions have been conducted targeting key REDD+ stakeholders on various Readiness topics. DKN has developed the National Consultation Protocol which serves as a basis for guiding all consultations.	Completed
2.4.2. Dissemination of information through website and printed material		Various publications made available: Brief info, activities report, meeting proceedings, flyers, books, documentary film, photo catalogue, updated web  Available at: <a href="http://www.fcpfindonesia.org">www.fcpfindonesia.org</a> , printed publications	Under Implementation
2.4.3. Workshop to develop guidance for effective engagement of indigenous people and local communities at a subnational level.		To be prepared. DKN will facilitate the consultation process in close collaboration with the consulting team hired to develop the guidance.	Planned
2.4.5. Public consultation on institutional setting and legal		1. Forestry Sector Challenges associated with the	Completed

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
framework		<p>coordination activities and support for the mitigation of climate change through two schemes that REDD + and NAMAs should be integrated properly into one "Registry" system</p> <p>2. The existence of some schemes related to forestry (eg REDD +, NAMAs, CDM, voluntary market) and anticipating for developments post 2015, it is necessary to have "Registry" limited to "Forestry" which is designed to "link" with "National Registry"</p> <p>3. National Council on Climate Change has been anticipating the construction of the "Registry" system for national climate change mitigation for the NAMAs scheme and forestry sector registry for various macama schemes (REDD +. RAD-GRK, Forestry, A / R CDM) is part of the nationwide "Registry".</p> <p>4. Need to have further discussion related to institutional arrangements and mechanisms in the development of the system "Registry" nationwide, so it can accommodate the needs of the "Registry" between sectors.</p>	
2.4.7. Outreach on Management of Data and Lessons on Readiness Activities/REDD+ Demonstration Activity		<p>From these activities, it is concluded that the data associated with carbon stocks in Baluran National Park is still needed given the fact that the dynamics in the region is quite high. In addition, strategies for involving community are needed in efforts to mitigate climate change.</p>	Completed
2.4.8. Workshop on SESA/ESMF		<p>First Report on SESA prepared and under discussion. ESMF is planned for FY15</p>	Under implementation
2.4.9. Workshops PSP to Discuss Strategy and Reporting of Future Maintenance of PSP		<p>This workshop has succeeded in formulating PSP management strategy in a continuous manner, the creation of alignment of perceptions on roles and responsibilities of the parties at Provincial level in monitoring forest carbon and to provide</p>	Completed

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
<p>2.4.10. Workshop on MRV for Readiness REDD+ Implementation.</p> <ul style="list-style-type: none"> <li>• Land Green Grabbing Seminar to support REDD+ Readiness</li> <li>• The First Multi Stakeholders Meeting on Current Status of REDD+ Readiness in Indonesia</li> <li>• Focus Group Discussion (FGD) Challenges and Opportunities Private Sector Involvement in REDD + Mechanism For The Road to Sustainable Forest Management</li> </ul>		<p>input for development of policies related to PSP management and forest carbon monitoring at Provincial level.</p> <p>Focused Areas include: West Sumater, West Nusa Tenggara, Maluku, North Sulawesi, South Sumatera.</p> <p>Increased understanding of the parties on the draft of the MRV system for NFMS, reducing technical and non-technical gap for MRV development, understanding the readiness of the local level.</p> <p>Focused area: West Sumatera, South Sumatera, West Nusa Tenggara, Maluku.</p> <p>Green Grabbing formulation is expected to be further sharpened by the strategic policy direction for the future forest development.</p> <ol style="list-style-type: none"> <li>1. Sharing information on Readiness progress of recent activity by the FCPF Preparation pelaksana FCPF</li> <li>2. Understanding gaps for REDD + readiness activities by the FCPF and other REDD + initiatives</li> </ol> <ul style="list-style-type: none"> <li>• Engaging the Private Sector in the area of REDD +: 1. Potential funding, 2. Contributions Technical, 3. Easements are the main agents of deforestation of forest conservation at the same time, most players should REDD + is private</li> <li>• Private can act as: 1. Investors / investment, 2. Producers development project, 3. Buyers of carbon credits</li> <li>• The government needs to make the rules and regulations that provide clarity and assurance for the private sector to move in REDD +.</li> </ul>	Completed



Activities	Target Output (Planned Output)	Results (Actual Output)	Status
<p>2.5 Management of data, lessons, and funding partner coordination, including periodic review of demonstration activities</p> <ul style="list-style-type: none"> <li>- Workshop Funding Partner Coordination on Climate Change Mitigation in forestry sector and REDD+ Implementation</li> <li>- Workshop Periodic review of demonstration activities</li> <li>- Establishment of SIS-REDD+ database (FGD)</li> <li>- Addressing Driver and Forest Degradation in REDD+ Implementation and National Action Plan for Reducing Green Gas House Emissions (RAN-GRK) in Forestry Sector: Land Swap Option between forest area and non-forest area for maintaining forest land cover conserving forest carbon stock</li> <li>- REDD+ and LULUCF from Bonn to Warsaw and Progress at National Level</li> <li>- National Workshop on Development of University, Research Agencies and Training and Education Agencies Network</li> <li>- Public Consultation on Institutional Setting and Legal Framework : Discussion on</li> </ul>	<p>Information on Demonstration Activities updated and available in database.</p>	<p>Gap identification to establishment of Demonstration Activity was discussed and reviewed by the local REDD+ Working Group. The workshops presented the key component of the latest REDD+ development agenda and conducted stocktaking on the local challenges on REDD+ implementation. Coverage: South Sumatra and West Papua.</p> <p>Demonstration activities status and lesson learned from the DAs on the institutional challenges have been synthesized and disseminated.</p>	<p>Completed</p>

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
National Registry for Climate Change Mitigation in Indonesian : Special Case on REDD+ and NAMAs Diskusi tentang "Registry"			
2.6 Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF)	Ways for addressing key social and environmental considerations associated with REDD+ are transparently discussed	<p>DKN has promoted multi-stakeholder public consultations on REDD+ policies in general.</p> <p>DKN has produced consultation protocols for policy discussions on REDD+</p> <p>The SESA process also has facilitated the understanding of the PRISAI framework for safeguards, developed by the REDD+ Agency.</p> <p>Further discussion across stakeholders is needed to increase the understanding on the Safeguards Information System (SIS) designed by the Ministry of Forestry. So far, discussions on the SIS happened at the national and in Central Kalimantan.</p> <p>As the country safeguards approach toward REDD+ is evolving the Ministry of Forestry also developing a national Safeguards Information System (SIS) as mandated by the Cancun agreement. The SESA process has culminated in a dialogue about the integration of the two initiatives (SIS and PRISAI), to permit to agree to a common approach on safeguards for REDD+ initiatives at local, regional and national level. As the two systems are still under development and seeking further legal umbrella to become operational, the immediate next steps for their sponsoring institutions is to facilitate further discussions about how those initiative can complement each other going forward. An ESMF that captures the details, at a national level, of how safeguards will be operationalized for the implementation of different types of REDD+ investments also needs to be prepared, as a final output of the SESA.</p>	Under Implementation

**Component 3: Reference Emissions Level (REL) and Measurement, Reporting and Verification (MRV)**

<b>Activities</b>	<b>Target Output (Planned Output)</b>	<b>Results (Actual Output)</b>	<b>Status</b>
3.1 Analysis and possible mapping of nature and effect of land use on terrestrial carbon cycles.	Information on terrestrial carbon cycles of different land uses	To be prepared	Planned
3.2 Development of a time series analysis of the primary social economic and policy aspects of land use change.	Time series information on social economic and policy aspects of LUC.	<p>GIS analysis on forest cover changes from 1990-2011 in three provinces (South Sumatera, East Java and Papua) was prepared. This analysis included the review of economic, social and cultural drivers for land use change in those three provinces. The analysis can potentially feed into the study 1.1 on the drivers of tree cover change.</p> <p>The key Findings are:</p> <ol style="list-style-type: none"> <li>1. Transition process is going on in four of Provinces, the dynamics of the forest cover influenced by the price of timber and income per-capita</li> <li>2. Patterns of land cover changes has a different behavior (south Sumatera and east Kalimantan caused by economic factor, east Java and Papua caused by socio-economic factors)</li> </ol> <p>The projection of land cover until 2010 has a different pattern (East Java and Papua are stable; east Kalimantan and South Sumatera more dynamic= the rate of land cover decline faster.</p> <p>Focused area: South Sumatra, East Java, Papua, East Kalimantan</p>	Completed
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	Increased certainty in GHGs estimates from reduced emissions and increased removals, and stabilization of forest carbon stocks.	PSP research was conducted in several primary and secondary forest in Maluku, West Sumatera, South Sumatera, North Sumatera, West Nusa Tenggara, North Sulawesi, South Sulawesi, West Papua, North Sumatera, Central Kalimantan, Sijunjung FMU ( West Sumatera), Gula Raya FMU ( South East Sulawesi). In total there has been 199 PSP established. Biomass and carbon stock database has been produced from	Completed

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
<p>monitoring forest carbon stockchanges).</p> <p>Workshop for monitoring and reporting Permanent Sample Plots to discuss future maintenance for forest monitoring and reporting integrated with provincial strategy for emission reduction target. Location: West Sumatra, South Sumatra, West Nusa Tenggara, North Sulawesi, Maluku, North Sumatra, Central Kalimantan, South Sulawesi, West Papua, Sijunjung Forest Management Unit (West Sumatra), and Gularaya Forest Management Unit (South East Sulawesi)</p>		<p>those researches. The research result will support the national MRV system development.</p> <p>FCPF has been supporting local institutional capacity on the methodological and technical aspect of carbon stock measurement.</p> <p>MRV Workshops conducted in West Sumatra, South Sumatra, West Nusa Tenggara, and Maluku to improve the understanding of MRV design development, highlighting the technical gap, identifying the local institutional needs in developing sub-national MRV, contributing to the Provincial Action Plan process and identifying the mechanism option linking to the national MRV design.</p> <p>Methodological of REL accounting has been presented and incorporated as an input in the process of developing Provincial Action Plan on GHG Emission (RAD-GRK).</p> <p>Permanent Sample Plots (PSPs) Workshop conducted in South Sumatra, West Sumatra, West Nusa Tenggara, Maluku and North Sulawesi to make the strategy how to manage PSPs after The FCPF program finished, enquires the perception of multi-parties about the management of PSPs.</p> <p>Establishment of the application database for forest carbon monitoring</p>	

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

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
4.1 Facilitate the development of REDD+ readiness at subnational level:	The targetted districts have sufficient capacity to prepare for REDD+	REDD+ strategy preparation action plan has been formulated on three provinces East Java (Meru Betiri National Park, Jember, East Java), South Sumatra (Musi Rawas) and South	Completed

Activities	Target Output (Planned Output)	Results (Actual Output)	Status
<ul style="list-style-type: none"> <li>- Capacity building and studies on how to set up REDD+ framework at selected area (locations : South Kalimantan, West Papua, South Sulawesi, MusiRawas District-South Sumatera, NAD).</li> <li>- Developing socio-economic and biophysical studies to support baseline work to strengthen KPH implementation. Location East Kalimantan, West Nusa Tenggara, Maluku, Sulawesi.</li> <li>- Capacity building on how to count the forest carbon and how to do the survey of Socio Economic in 3 KPH. Location in KPH Wae Sapalewa, KPH Sijunjung, and KPH Batu Lanteh.</li> <li>- Discuss Environmental and Social Management Framework (ESMF) and monitoring the implementation with stakeholders in subnational Demonstration Activities</li> </ul>		Kalimantan. Jember has shown the most progress, from institutional arrangement to carbon market strategy options.	

### 3. Outcome

#### ***Comments on outcome achieved (Optional):***

FCPF had an important role for making progress on readiness in Indonesia and will increasingly have a key role when rolling out Carbon Fund preparation activities. Further improvement and development on key component of the REDD+ readiness are still needed, including reference scenarios, MRV system (including benefit sharing mechanism) and SESA/ESMF. The progress achieved so far has significantly contributed to the country capacity to implement REDD+. Good collaboration with stakeholders on various REDD+ readiness aspects at national and sub-national level has also been established which resulted in, particularly, an improved capacity, knowledge and awareness on REDD+ issues at sub-national level in the targeted areas. The FCPF team has produced an immense number of studies, documents and organized and implemented an outstanding amount of workshops and seminars all over the country. However, the government also recognized that in order to be able to achieve REDD+ readiness as defined in the R-PP, Indonesia need to put stronger focus on the sub-national level (district and province) intervention, where the dynamics of deforestation and forest degradation occur. Further, technical capacity, knowledge and awareness on the principle, concept of REDD+, including incentive or performance based payment still need further strengthening.

### 4. Execution

**Implementing Agency:** FORDA (Puspajak) and Pustanling, the Ministry of Forestry

#### 1. Project Management

***Comments (Optional):*** The Implementing Agency has shown significant improvement in managing the FCPF activities, according to the Bank fiduciary policies. Project Coordinator is in place that also gives some improvement in the coordination with other implementation agencies as well as with the Bank.

#### 2. Financial Management

***Comments (Optional):*** Overall, improvement is noted on the FM performance of the project, with further follow-up on some issues is still required.

#### 3. Provision of Counterpart funding

***Comments (Optional):*** FCPF only covers operational costs. MoFor budget covers staff and overheads. FCPF cooperates with a number of national programs and development programs in achieving these outcomes.

#### 4. Monitoring and Evaluation

***Comments (Optional):*** MOFOR is keeping good record of all activities being implemented. MOFOR will strengthen their monitoring and evaluation, following the FCPF reporting framework.

### 5. FCFR: FCPF Specific Questions

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

In relation to the climate finance program, the World Bank and the GoI have made significant efforts to align the existing and future instruments with the Norway Lol agenda and other donor activities. During the inception phase it was made clear that FCPF would only cover activities that no other donor would cover. The FCPF and FIP in Indonesia are collaborating closely, and it is expected that the additional finance to the FCPF will finance some of the Readiness activities needed to make FIP investment successful, including capacity building at the local level for the implementation of Forest Management Units (KPH). Following the commitment from the GoI to participate in the FCPF carbon funds, the additional finance of FCPF and FIP could also contribute to support the initial intervention in the targeted area to advance in the readiness activities before entering into the emission reduction program.

As the World Bank is also providing support for other REDD+ and Green Growth related activities and programs involving community development, agricultural development and governance reforms, the WB can often contribute with the coordination efforts between Ministry of Forestry and other stakeholders.

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

The grant is being implemented as initially planned.

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

There is significant capacity improvement from the Ministry of Forestry (FORDA and Pustanling) staffs who actively support the implementation of the project, including financial management staff were also in place. The additional grants could support to further strengthen capacity of project implementation units particularly on project management, including financial management, procurement, monitoring, reporting, and outreach, consultation and communication.

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

The upstream analytical work and the consultations that are the twin pillars of the SESA process have been implemented through a range of activities supported by both the Ministry of Forestry and the REDD+ Agency. SESA has been instrumental in bringing together the national safeguard discussions, specifically the Principles, Criteria and Indicator for REDD+ Safeguards Indonesia (PRISAI) and the Safeguard Information System for REDD+ (SIS REDD+) that were initiated by the two government institutions. And it has contributed thus far with increasing the level of understanding of safeguards and how to make the more operational in the REDD context. The SESA process is considered complete, with only the preparation of ESMF remaining. The key next step for the Ministry of Forestry is to document the process and develop the environment and social management framework (ESMF). It is expected to be finalized by end of 2014.

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

Following proactive moves on safeguard standards setting for REDD+ on the part of both the REDD+ Task Force, Ministry of Forestry and other stakeholders, readiness in Indonesia has advanced nearly to the point where the country is ready to prepare an integrated Environmental and Social Management Framework (ESMF). The ESMF will lay out the principles, procedures, systems, and protocols (in relation to monitoring, for example) that are relevant for safeguards application to a potential REDD Programs and will build on the advance analytical work that is already in place from previous work on SIS and PRISAI, national legislation and operational guidelines. The development of national ESMF is expected to be finished by end of 2014.

**6. Describe progress in stakeholder consultation, participation and disclosure related to this Grant.**

Stakeholder consultation and engagement are essential elements in the implementation of the grant. And an improved communication and outreach are also important to keep broader stakeholder well informed of and actively participated in the progress of Indonesia REDD+ implementation. FORDA has disclosed all project documents, reports and publications under [www.fcfindonesia.org](http://www.fcfindonesia.org)

Internally, all formal documentation and process has been filed at the WBDocs, in the following link:  
<http://wbdocs.worldbank.org/wbdocs/drl/objectId/0b0224b080c523b0>