

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF099721
Printed On: 03/15/2018

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

Assignment: TF099721

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

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

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

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OVERVIEW

Overall Assessments

Grant Objectives:

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

Overall progress from 07/01/2016 to 06/30/2017 with regard to Achieving Grant Objectives:

Comment:

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

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

Comment:

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

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

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

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

As Indonesia's program was selected into the Carbon Fund pipeline, the Bank is authorized to negotiate and sign the Letter of Intent (LOI). A series of meetings were held to discuss the concerns raised by the GOI on the content of LOI and modifications were proposed that reflect national priorities and policy commitments. Since the proposed modification substantially deviated from the standard LOI signed by other participating countries, GOI's delegation presented their concerns directly to the CFPs in Paris Meeting in June 2017 and came to an agreement with the CFPs. The agreed revised LOI was formally submitted to the

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CFPs following a standard no-objection process (the process was recently concluded and the Bank will proceed with signing of LOI, followed by GOI's counter-signature).

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

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

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

Grant follow-up and structure

Description and context of Grant:

Indonesia is a strategic country for REDD+ implementation and also an active participant in the REDD+ dialogue since the UNFCCC COP 13 in Bali, participating in a number of REDD+ program supported by bilateral and multilateral donor initiatives, including FCPF Readiness Fund. Indonesia's Readiness Preparation Proposal (R-PP) was endorsed by FCPF Participants Committee for US\$ 3.6 million readiness fund to assist the GOI in preparing REDD+ implementation that will lead to sustainable financing and improved sustainable management of forest resources, with the development objective 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 established a forest monitoring and carbon accounting system, all consistent with local, regional and national conditions and circumstances. The project is national in scope and contribute to financing for capacity building, research and information dissemination for supporting the national REDD+ framework.

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

Comment on follow up:

A preliminary assessment of progress toward readiness suggests there is still important progress to be made to achieve #REDD readiness#, for which the FCPF Participants Committee has preliminarily made available an additional funding of US\$ 5 million. The April 2016 mission reviewed the GOI's assessment of gaps needed to complete Readiness preparation and completion of pilot activity design (namely preparation of FCPF Carbon Fund and Biocarbon ISFL Fund demonstration activities). That exercise highlighted a number of critical readiness gaps, including finalization of safeguards instruments, consolidation of the REDD+ architecture, and preparation of the designs and investment plans for FCPF Carbon Fund and Biocarbon ISFL Fund demonstration activities.

End Date of Last Site Visit:

Restructuring of Grant:

N/A. However, there is changes in the approach related to the Grant activities as the additional funding approved. Following the acceptance of GOI's ER-PIN under FCPF Carbon Fund and the GOI's confirmation to the BioCarbon Fund ISFL, the additional funding is designed to support the preparation of provincial pilot emission reduction program in two selected provinces. The

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Project has added additional key result indicators to support the achievement of the additional funding objectives, which are: i) Indonesia will be REDD+ ready (based on the assessment criteria of the Readiness Package); and ii) large-scale ER-Program at the provincial level will be designed to pilot the implementation of REDD+.

OUTCOME

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

See the components/outputs section.

Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

COMPONENTS

Output and Implementation by Component

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

Status: Completed
Planned Output: Capacity of REDD+ related institutions strengthened.
Actual Output: ToT on carbon accounting & monitoring were conducted in East Kal; mainstreaming adaptation & mitigation options recommended; draft policy framework on climate change in forestry sector presented.

2.4 Consultation and Outreach activities. 2.4.2. Dissemination of information through website and printed material.

Status: Under Implementation
Planned Output: REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved.
Actual Output: Various publications made available through printed documentations, documentary film on REDD+ in East Kal produced; Documentation is also available online at FCPF website (www.fcpfindonesia.org).

2.6 Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF).

Status: Completed
Planned Output: Ways for addressing key social and environmental considerations associated with REDD+ are transparently implemented
Actual Output: REDD+ related materials compiled to inform final SESA report; preliminary ESMF report was drafted; training on safeguards conducted to increase understanding on safeguards instrument & implementation

Component 3 - Reference Emissions Level (REL) and Measurement, Reporting and Verification (MRV): * 3.3 Establishment of permanent sa

Status: Completed
Planned Output: Increased certainty in GHG estimates from reduced emissions and increased removals, and stabilization of forest carbon stocks.
Actual Output: 159 PSPs were established in forest area in 6 districts, East Kalimantan; web-based to support carbon monitoring system developed and launched.

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Component 4 - Regional Data Collection and Capacity Building. 4.1 Facilitate the development of REDD+ readiness at subnational level

Status: Completed
Planned Output: the targeted districts have sufficient capacity to prepare for REDD+.
Actual Output: R-Package developed and reviewed; Recommendation & agreement with provincial gov#t & other stakeholders in East Kal reached on ER-PD development; preliminary concept of ER Program in Jambi developed.

Comment on planned and actual Output

Comment on component implementation progress

Component 1: All activities under Component 1 has been completed and reported in the previous GRM
Component 2: Capacity building of institution and stakeholders involved in the implementation of REDD+ activities, which include activities related to training for trainers on carbon accounting and monitoring for local government personnel, including district governments, FMU, technical implementing unit at provincial level particularly (those who will manage and monitor permanent sample plot data and web-based carbon monitoring system). Dissemination of information is an ongoing activity where for any publications developed under this program are made available through various form of publication including printed documentation, documentary film on REDD+ in pilot ER Program in East Kalimantan. Documentation is also available online on FCPF Indonesia website. On SESA and ESMF, in the reporting period activity is still focusing on stocktaking of any available REDD+ related materials that will later inform final SESA report, while ESMF is still in the form of initial draft
Component 3: activities are focusing on supporting the establishment of permanent sample plots for ground based forest carbon monitoring in forest estate area in six districts, East Kalimantan.
Component 4: activities are focusing on facilitation the development of REDD+ readiness in two subnational pilot emission reduction programs in East Kalimantan and Jambi. In the reporting period, the outputs include finalization of readiness package document, program document for East Kalimantan is drafted and consulted with relevant stakeholders in the province, and preliminary concept for emission reduction program in Jambi is drafted.

EXECUTION

Bank project related to the grant

Project ID / Name: P124583 - Indonesia- FCPF REDD Readiness
Project Status: Lending
Global Focal Area: Climate change
Product Line: CN - Carbon Offset

Implementing agency and contact details

Agency: Forestry Research Development and Innovation Agency (FORDIA)
Contact: Niken Sakuntaladewi
Address: FORDIA, Ministry of Environment and Forestry
Phone: +628159404182 **Email:** niken_sakuntaladewi@yahoo.co.uk
Website:

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PROGRAM

Program Specific Questions

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

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

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

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

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

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

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

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

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

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finalization. The SESA report identifying and considering risks, impacts, and options of the CF program is in process of finalization within the priority jurisdictions. A draft ESMF is being prepared for management of potential environmental and social impacts of the CF activities to World Bank safeguards standards. The documentation of the SESA remains a pending deliverable which needs to be completed as soon as possible. A TOR for SESA and ESMF finalization was reviewed and finalized during May 2017 mission.

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

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

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

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

DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
01/01/2011	06/30/2011	0.00	0.00	0.00	0.00
07/01/2011	12/31/2011	0.00	0.00	300,000.00	300,000.00
01/01/2012	06/30/2012	0.00	0.00	377,829.10	77,829.10
07/01/2012	12/31/2012	0.00	0.00	681,182.24	303,353.14
01/01/2013	06/30/2013	0.00	0.00	1,509,779.93	828,597.69
07/01/2013	12/31/2013	0.00	0.00	2,022,714.56	512,934.63
01/01/2014	06/30/2014	0.00	0.00	2,604,450.14	581,735.58
07/01/2014	12/31/2014	0.00	0.00	2,766,338.90	161,888.76
01/01/2015	06/30/2015	0.00	0.00	2,766,338.90	0.00
07/01/2015	12/31/2015	0.00	0.00	2,934,150.45	167,811.55
01/01/2016	06/30/2016	0.00	0.00	3,045,068.19	110,917.74
07/01/2016	12/31/2016	0.00	0.00	3,196,325.37	151,257.18
01/01/2017	06/30/2017	0.00	0.00	3,403,627.29	207,301.92
07/01/2017	12/31/2017	0.00	0.00	3,556,557.10	152,929.81
01/01/2018	06/30/2018	0.00	0.00	3,757,225.42	200,668.32
07/01/2018	12/31/2018	0.00	0.00	0.00	0.00
01/01/2019	06/30/2019	0.00	0.00	0.00	0.00
07/01/2019	12/31/2019	0.00	0.00	0.00	0.00
01/01/2020	06/30/2020	0.00	0.00	0.00	0.00