

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

Report to Donor

Ref. TF099269  
Printed On: 12/02/2016

Reporting Period: 03/03/2011 to 06/30/2015  
Report Type: Completion  
Report Status: Approved

Assignment: TF099269

## Indonesia FCPF Readiness Preparation Grant Bank-Executed FCPFR - FOREST CARBON PARTNERSHIP FACILITY

Task Team Leader: 00000190769 - Werner L. Kornexl  
Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	LCLS
Recipient Country	Indonesia
Executed By	Bank
Managing Unit	9061 - GENDR
Grant Start Date / End Date	03/03/2011 to 05/05/2015
Original Grant Amount	403,568.00
Grant Amount	398,537.99
Outstanding Commitments	0.00
Cumulative Disbursements	398,537.99 as of 06/30/2015
Disbursed 03/03/2011 to 06/30/2015	398,537.99
Donor	TF602001 - MULTIPLE DONORS

*This GRM report includes the following sections: Overview, Components, Outcome, Program(FCPFR), Completion, Disbursements, Procurement Plan, Procurement Actuals.*

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

Report to Donor

Ref. TF099269  
Printed On: 12/02/2016

Reporting Period: 03/03/2011 to 06/30/2015  
Report Type: Completion  
Report Status: Approved

## OVERVIEW

### Overall Assessments

#### Grant Objectives:

The FCPF Grant development objective is to support Indonesia prepare itself to engage in an international REDD+ mechanism. To achieve this objective, the project will support analytical work, management of readiness processes, development of Reference Emission levels and regional data collection and capacity building.

#### Overall progress from 03/03/2011 to 06/30/2015 with regard to Achieving Grant Objectives:

##### Comment:

This grant is part of the FCPF grant (US\$ 3.6 million) allocated as a Bank-Executed Trust Fund supporting the component for analytical studies.

Overall, the Bank team has developed good partnerships with the governments during the implementation of the studies. The Bank has strategically used the funds to add value to and complement the various analytical studies conducted by the MOFOR and to follow up in a flexible way to Government requests and strategic engagements to assure overall coherence on REDD+ in Indonesia

The following are issues identified during the mission that still need further attention:

- a) Communication strategy of the study outputs and project achievements. The mission agrees that the results of the activities need to be communicated to a wider group of stakeholders and in a more strategic way. The mission also agrees to integrate the outputs where overlaps might occur between the implementing agencies.
- b) The mission concludes that FIP funded FMU project can take advantage from the current FCPF engagement, including the analytical studies. FCPF knowledge and expertise on REDD+ could become an asset for the FMU implementation in future. Further coordination is recommended to ensure the continuation of FCPF support for REDD+ in relevant FMUs.

#### Overall progress from 03/03/2011 to 06/30/2015 with regard to Implementation of Grant Financed Activities:

##### Comment:

The main targeted outputs were achieved during the estimated implementation period. The supervision mission in 2013 found that the overall outcome of these individual activities was achieved. The results still need to be communicated and disseminated to wider stakeholders. The mission also agrees to integrate the outputs where overlaps might occur with the implementing agencies.

### Grant follow-up and structure

#### Description and context of Grant:

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

#### Comment on follow up:

The GOI is currently reorganizing its REDD strategy. the BETF of the FCPF has generated a number of very valuable information over time which will become very useful in the implementation of the next phase, when Indonesia prepares for a large scale market mechanism, for FCPF CF and other buyers of Emission Reducitons.

#### End Date of Last Site Visit:

#### Restructuring of Grant:

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

Report to Donor

Ref. TF099269  
Printed On: 12/02/2016

Reporting Period: 03/03/2011 to 06/30/2015  
Report Type: Completion  
Report Status: Approved

## OUTCOME

### Comments on outcome achieved from 03/03/2011 to 06/30/2015

During the period from 2010 to 2014, while the FCPF grant was under execution, institutional responsibility for REDD policy and strategy in Indonesia was in flux, with MOFOR and UKP4/REDD Agency (part of the President's office) and later under an autonomous REDD Agency; each exercising certain roles and considering design options for the future REDD architecture. The Ministry of Finance retained responsibility for certain types of non-tax revenue from the sector, inter-governmental transfers with forest and natural resource earmarks, and responsibilities for the flow of funds from development partners or the set-up of specialized Trust Funds, etc. The Ministry of Finance, in particular, was working to establish a role and capacity in climate change issues after the Bali COP. In this context, though MOFOR/Pustanling was responsible for the FCPF Grant activities, the #REDD Enterprise# in the government was a much broader engagement with multiple agencies and partners providing analysis, inputs, consultants, etc. In addition, the Norwegian Lol received all the attention on REDD+ and promoted the creation of an independent agency. On the other side, FCPF was criticized by CSOs, IPs, REDD+ Task Force and a number of donors to be on the #wrong side#. The World Bank defended the engagement with MoFor for supporting the reform ideas within the Government and strengthen MoFor delivery on REDD+, which will be ultimately needed to succeed on promoting behavioral changes, but also insisted that it would work with all parties to delivery on REDD+.

At the same time, FCPF was also the first grant that engaged with the Ministry of Forestry for almost 15 years. Procurement, financial management and overall political economy were issues that the task team had to deal with every day. Under these circumstances, a diplomatic approach was needed to engage with all stakeholders in a constructive manner and be very responsive to comments and suggestions from all parties. FCPF and WB delivered in a partnership trying to complement as much as possible each other.

The World Bank's REDD/Forest team, during this period, was able to leverage additional financing from PROFOR and the Swiss SECO to respond to this widening series of requests for technical assistance and policy analysis. Despite the complexity of the external environment, we were able to deliver a range of relevant policy and analytical products, and to fund consultants who facilitated the consultation and participation process almost continuously. The World Bank team worked collaboratively and made useful connections between these several government entities and was able to integrate the agencies' needs and interests in the forward planning processes under the FIP Investment Plan, the FCPF Mid Term Report, the FCPF Carbon Fund ER-Program Idea Note, early ideas for the BioCF, Dedicated Grant Mechanism for IPs and ultimately for the landscape approach.

Thus, the overall achievement of the FCPF BETF was to deliver a suite of policy and analytical products that was much more comprehensive, deeply connected, engaged and continuous over time than would have been expected or feasible under FCPF funding alone. Over time, the FCPF BETF resources were requested in a flexible way to advance critical integrative deliverables for which the FCPF RETF would not have funding for, e.g. MTR and FCPF Carbon ER-PIN and consultation processes, feasibility studies and attendance at workshops and conferences.

The reason why the FCPF readiness grant could deliver more than promised was because the Government did not hire any consultants and executed all activities with their own staff. To complement critical consultant support, the FCPF BETF and other resources were provided. This provision of consulting support (by the WB as an external partner) was helpful in building mutually supportive activities that bridged the needs of both, the REDD Agency and the Ministry of Forestry, but also Ministry of Finance and Bappenas

### Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

## COMPONENTS

There are no components defined for this trust fund / grant.

### Comment on planned and actual Output

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

## Report to Donor

Ref.	TF099269	Reporting Period:	03/03/2011 to 06/30/2015
Printed On:	12/02/2016	Report Type:	Completion
		Report Status:	Approved

## Comment on component implementation progress

Status: The report is in advanced draft version. Earlier intermediate results were presented to MOFOR at FORDA office in Bogor in May and December 2012 (ppts attached). FORDA officials have expressed some concerns over the deforestation data (from Hansen) given the perceived biases due to inclusion of plantations, which were considered to raise the deforestation numbers. In the meantime, due to government reforms and program delays, there have been a number of significant policy changes (including development of the REDD strategy) and new data has become available. It should be noted that PROFOR and WB funds augmented the funding available from FCPF, to allow more options and analysis to be covered.

The report demonstrated that the methodology used could quantify the interactions between land cover change and upstream economic indicators, as well as poverty. The report (and presentations to the government) outlined options for upgrading and extending the analysis to the whole country. (This work was conducted in the 2 years before the Hansen data was released for general use, so we had access only to limited data for Sumatra and Kalimantan, not all of Indonesia.) However, the final conclusions are sound but not spectacular. The document could be improved using new available data. However, given there are now many available reports on the drivers of deforestation, and additional data on forest harvesting at district level is still not available in time series, it is not considered by the team to provide significant value-added. Consequently, the team agreed to complete the report as a final draft, share it with the GOI, and offer a final presentation via video conference.

Outputs:

- i.#Final draft report: Drivers of tree cover change (ver. April 4, 2016)
- ii.#Presentation on preliminary result (PPT, May 2012)
- iii.#Presentation on intermediary result (PPT, December 2012)

### 2.#Activity 2: Identification of priority investments

Status: This was completed in the form of the Forest Investment Program Investment Plan. The alignment of the identification of priority investments and the preparation of the Investment Plan was discussed and put in motion in January 2012 in a meeting between FORDA (MoFoR), DKN and World Bank.

The FCPF BETF contributed very little financially to the preparation of this activity, except for an initial investment options paper, which was initiated by the FCPF and then taken as the basis for consultation for the overall Investment Plan consultation process.

The consultation process for priority investments took more than two years, with substantial resources from FIP, World Bank preparation budget and to a very small part from the FCPF BETF. After a series of consultations on priority investment activities the GOI decided on a clearly set list of activities focusing mostly on the decentralization process of forest management to the subnational level, building capacity of the Forest Management Units and supporting livelihood, tenure, rights, private investments and regional development through the FMUs.

Outputs:

- i.#Investment Options for the consultation process on priority investments #Early Concepts For Discussion on Forest Investment plan for Indonesia# (November 2011)
- ii.#Report on Indonesia Forest Investment Program Investment Plan (available in English and Indonesian; available online on FIP and MOEF websites) (October 2012)

### 3.#Activity 3: Regulatory arrangement for REDD incentives (w Ministry of Finance)

Status: The work on financial and incentive arrangement for REDD produced several final products and a number of draft reports, which were presented to MOFOR, MOF and REDD+ Agency officials at working sessions, conferences, workshops as an input to the deliberative process related to REDD readiness and to the establishment of the Fund for REDD in Indonesia. Several analytical activities were also presented at larger international workshop, e.g. the Jurisdictional REDD in June 2014, organized by the REDD Agency and TNC.

For this series of products the World Bank was able to leverage funds from PROFOR and Switzerland in support of the work under FCPF. Key work products are published at: <http://profor.info/node/2063>.

Other partners also were working on products related to incentive mechanism including AusAid, GIZ, and ANU. The Bank provided analytical and conceptual inputs that linked the REDD incentive mechanism to the wider set of incentive and fiscal transfer mechanisms in Indonesia, including transfers to local governments in the form of the General Allocation Fund (DAU) and the Special Allocation Fund (DAK).

The MOF requested the Bank to share experiences for incentive mechanisms and result based payment from other countries as examples. This resulted in a paper and several presentations reviewing REDD financing and incentive mechanisms from several

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

## Report to Donor

Ref.	TF099269	Reporting Period:	03/03/2011 to 06/30/2015
Printed On:	12/02/2016	Report Type:	Completion
		Report Status:	Approved

countries, including Brazil and Mexico. These experiences were presented to MOF and UKP4 (President's delivery unit). Following the presentation, based on MOF inputs and guidance from REDD+ Agency, the Bank prepared an option paper for performance based payments, which was presented to REDD+ Agency and MOF, and shared with MOFOR (FORDA). Through the dialogue with Ministry of Finance on incentive based payments, benefit sharing mechanisms and REDD, the Ministry requested informal inputs on Timber Non Tax Revenues for an ongoing review of regulations on NTR. The World Bank prepared a comprehensive assessment of NTRs and presented it to the Ministry of Finance in 2013.

Finally, the Ministry of Finance, REDD Agency and the Ministry of Forestry (in support of the implementation of the FCPF ER-PIN) requested the World Bank to support the assessment of incentive payments to kabupaten, based on the principles of a PforR. This model was thought to become useful in the implementation of the FCPF Carbon Fund and Fund for REDD in Indonesia (FREDDI). The concept was sent for review to FORDA.

Outputs: The several products include:

##REDD+ Financing Options: Considerations for a #Payment-Incentive# Mechanism (FINAL). Presentation September 2011.

Summary presentation on incentives for REDD (T. Brown) Presented at MOFOR/Pustanling's workshop on financing options for REDD in September 2011.

##Regulatory Arrangements for REDD+ Incentives (FCPF) (FINAL): presentation was provided to MoFor on November 2011.

##Proceedings on REDD Financing (DRAFT). This input was later translated and included in Pustanling's Proceedings of the event (December 2011).

##International Examples of Financial Mechanism for REDD+. Presentation March 2011 (FINAL DRAFT). The Bank team also produced a paper and presentation on international examples of REDD financing options. The presentation, from March 2011, was discussed at working sessions with MOFOR

##PES as a mechanism for REDD benefit sharing (FINAL DRAFT, no date): the relevance of payment for ecosystem service approaches for the design of benefit sharing at local level in an Indonesian REDD+ system

##Financial Mechanism for REDD+ in Indonesia # Central Kalimantan # Draft Report

##Components of a REDD+ Benefit Distribution Mechanism (FINAL DRAFT, August 2011): Small Grants programs: prepared for MoFor/FCPF # initial draft prepared on August 8, 2011. Report was integrated into #Integrating communities into REDD+ in Indonesia.

##Integrating Communities into REDD+ in Indonesia (FINAL, website version from June 2013). This product summarized one element of the financing/incentives work on how to use financing, particularly small grants, to engage communities in REDD+. This paper was also published on the PROFOR website. <http://profor.info/node/2063>. Inputs from MoFor were incorporated.

##Improving the Timber Non Tax Revenues system in the Forest Sector (FINAL, April 2012). The report and findings, recommendations were presented to Ministry of Finance in April 2012. Upon the request of Ministry of Finance, the report was never published, however, the findings remain relevant until today. World Bank produced a classified report and a power point presentation.

##ICMS Ecologico in Brazil, incentive payments to the subnational level (FINAL): Upon request by Ministry of Finance, the World Bank prepared a presentation on a Brazilian example for subnational incentive payments. This work lead to a subsequent work on an Indonesian Model to be proposed.

##Payment for Results at a kabupaten level (FINAL DRAFT, June 2014): option paper for performance based payments, which was presented to REDD Agency and MoF. It was shared with MoFor/Forda, but not presented. It was then presented at the international conference on Jurisdictional REDD+ organized by REDD Agency, MoF and TNC in June 2014

This line of activities also had positive influence on several other policy and project design processes underway in parallel.

##This work became an input to the design of the Kalimantan Forest and Climate Project, which was financed by Australia, but later dropped after change of Government (J Martinez, TTL)

##The work on incentives was also presented and contributed to the Inception Workshop of the Indonesia Programme of the GLOBE Legislators# Forest Initiative in Indonesia, held in October 2011.

##This work contributed to and supported the ongoing dialogue with UKP4 (President's #delivery unit#) on the design of the REDD program in response to the Letter of Intent with Norway (US\$ 1 Billion)

##This work also informed the creation and design of the Fund for REDD in Indonesia (FREDDI).

#### 4.#Activity 4: Focus group meeting on REDD incentives

Status: The meetings and workshops below were milestones in the process where technical presentations contributed to the dialogue and decision making process on REDD financing and incentives.

##FCPF / REDD Workshop at MOFOR, September 2011

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

## Report to Donor

Ref.	TF099269	Reporting Period:	03/03/2011 to 06/30/2015
Printed On:	12/02/2016	Report Type:	Completion
		Report Status:	Approved

##REDD Workshop for GLOBE at DPR, October 2011  
##Focus Group Discussions with UKPR FREDDI Design Team, numerous in 2011 and 2012  
##Focus Group Discussion on NTR with MoFinance and Ministry of Forestry in April 2012  
##Workshop at Ministry of Finance with international organizations in August 2013  
##International Conference on Jurisdictional REDD+ organized by REDD Agency and TNC

5.#Activity 5: Analysis and possible mapping of effect of land use on terrestrial C cycles

Status: Based on discussion with the Gol (Ibu Kirsfianti Linda Ginoga), now Director of GHG Inventory and MRV Directorate, DG Climate Change and Ibu Nur Masripatin, now Director General for Climate Change), delivery of key documents were agreed that needed resources from FCPF BETF:

##Preparation of Mid-term Report (MTR) and its consultation process

##Feasibility study for ER-PIN which merged into the full Preparation of ER-PIN (1st version)

##Power Point Presentations: (i) National Emissions Reduction Program in Indonesia # May 8, 2013 (ii) Emission Reduction Program in Indonesia # A district wide Approach to REDD+ - June 25, 2013 (iii) An Early Idea of Emissions Reduction Program in Indonesia # Bonn, June 2014

##Power Point Presentation: Indonesia Progress Report on the National REDD+ Readiness Process # Geneva, December 2013

Government requested support for consultants, translation services, consultation events and travel support. Requests are documented in Aide Memoir April 05, 2013 and in several email exchanges, exchange of draft TORs.

The reason for the switch was that the work on Carbon Cycles and monitoring of carbon emissions was undertaken by the REDD Agency, which was legally authorized to lead this agenda since the creation of the REDD Agency in early 2014. The FCPF/WB undertook several reviews and provided inputs on aspects related to carbon MRV and RELs.

Outputs: Report are available for the two activities (available online on at FCPF and MoFor/Forda websites) #Presentations are attached.

## 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**

Coordination took place during the entire process. Today the outputs from the BETF related activities are used in the context of the restructuring of REDD+ responsibilities in the Government and with the donors, including Norway

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

Component 5 was based on discussion with the Gol was changed. the delivery of key documents were agreed that needed resources from FCPF BETF:

##Preparation of Mid-term Report (MTR) and its consultation process

##Feasibility study for ER-PIN which merged into the full Preparation of ER-PIN (1st version)

##Power Point Presentations: (i) National Emissions Reduction Program in Indonesia # May 8, 2013 (ii) Emission Reduction Program in Indonesia # A district wide Approach to REDD+ - June 25, 2013 (iii) An Early Idea of Emissions Reduction Program in Indonesia # Bonn, June 2014

##Power Point Presentation: Indonesia Progress Report on the National REDD+ Readiness Process # Geneva, December 2013

Government requested support for consultants, translation services, consultation events and travel support. Requests are documented in Aide Memoir April 05, 2013 and in several email exchanges, exchange of draft TORs.

The reason for the switch was that the work on Carbon Cycles and monitoring of carbon emissions was undertaken by the REDD Agency, which was legally authorized to lead this agenda since the creation of the REDD Agency in early 2014. The FCPF/WB undertook several reviews and provided inputs on aspects related to carbon MRV and RELs.

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

Capacity was strengthened throughout the process, and complemented activities under the RETF

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

Report to Donor

Ref. TF099269  
Printed On: 12/02/2016

Reporting Period: 03/03/2011 to 06/30/2015  
Report Type: Completion  
Report Status: Approved

## 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?

Environmental and social Assessments were made under the RETF and not under the BETF

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

ESMF was processed under the RETF and not under this BETF.

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

all information was either disclosed at the MoEF webpage, disseminated through various channels within or outside the World Bank and used in several policy context.

## COMPLETION

### Overall Assessments and Lessons Learned

#### Main lessons learned:

Flexibility in the implementation was crucial - it helped to attend demands from several Government agencies relevant for REDD+ involving all stakeholder under difficult circumstances was important. - maintaining the dialogue. the BETF was crucial to bridge the interests between the various stakeholders.

#### Overall outcome (and its Sustainability):

##### Comment:

the overall achievement of the FCPF BETF was to deliver a suite of policy and analytical products that was much more comprehensive, deeply connected, engaged and continuous over time than would have been expected or feasible under FCPF funding alone. Over time, the FCPF BETF resources were requested in a flexible way to advance critical integrative deliverables for which the FCPF RETF would not have funding for, e.g. MTR and FCPF Carbon ER-PIN and consultation processes, feasibility studies and attendance at workshops and conferences. It influenced a number of important agendas and policy decisions and managed to bridge the knowledge generated by various stakeholders

#### Bank Performance:

##### Comment:

The Bank, thanks to the BETF became a honest broker between different GoI institutions and agencies, stakeholders and was recognized for the quality of knowledge management activities throughout the process. It managed to establish a interconnected process and generated outputs that were useful for the Government to develop a landscape approach, needed for the implementation of REDD.

### Additional Assessment

#### Development / strengthening of institutions:

##### Comment:

it helped to strengthen REDD Agency, but also Bappenas, MoF, and subnational entities.

#### Mobilization of other resources:

##### Comment:

additional resources were generated:  
FCPF CF - approved in 2015  
REDD support Facility approved in 2014  
Norway special advisory - approved in 2013

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

Report to Donor

Ref. TF099269  
Printed On: 12/02/2016

Reporting Period: 03/03/2011 to 06/30/2015  
Report Type: Completion  
Report Status: Approved

## Knowledge exchange:

### Comment:

KM was WB main contribution during the process.

## Client's policy / program implementation:

### Comment:

BETF did not focus on program implementation

## Efficiency:

### Comment:

The World Bank's REDD/Forest team, during this period, was able to leverage additional financing from PROFOR and the Swiss SECO to respond to this widening series of requests for technical assistance and policy analysis. Despite the complexity of the external environment, we were able to deliver a range of relevant policy and analytical products, and to fund consultants who facilitated the consultation and participation process almost continuously. The World Bank team worked collaboratively and made useful connections between these several government entities and was able to integrate the agencies' needs and interests in the forward planning processes under the FIP Investment Plan, the FCPF Mid Term Report, the FCPF Carbon Fund ER-Program Idea Note, early ideas for the BioCF, Dedicated Grant Mechanism for IPs and ultimately for the landscape approach.

## Replicability:

### Comment:

Indonesia's REDD experiences are replicable in most of other countries. Knowledge generated here can and should be used more strategically and disseminated more.

## Main recommendations to stakeholders:

Restore REDD+ processes, but simplify the approach, concentrate on substance rather than mechanics.

## Main recommendations to Bank Management:

REDD as a freestanding instrument is not useful, but it would need to be integrated into the entire landbased portfolio, including the dialogue with the MoF

## 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	7,120.65	7,120.65
01/01/2012	06/30/2012	0.00	0.00	139,944.87	132,824.22
07/01/2012	12/31/2012	0.00	0.00	197,323.87	57,379.00
01/01/2013	06/30/2013	0.00	0.00	255,317.92	57,994.05
07/01/2013	12/31/2013	0.00	0.00	329,312.72	73,994.80
01/01/2014	06/30/2014	0.00	0.00	393,656.36	64,343.64
07/01/2014	12/31/2014	0.00	0.00	398,416.28	4,759.92
01/01/2015	06/30/2015	0.00	0.00	398,537.99	121.71



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

Report to Donor

Ref. TF099269

Reporting Period: 03/03/2011 to 06/30/2015

Printed On: 12/02/2016

Report Type: Completion

Report Status: Approved

## PROCUREMENT PLAN

None

## PROCUREMENT ACTUAL

Package	Description	Amount	Currency	Contractor Name	Nationality	Contract Date	Method
0001	INDONESIA- FCPF REDD READINESS	130,000,000	IDR	Ms Ita Natalia	Indonesian	11/18/2013	