

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF099721
Printed On: 12/02/2016

Reporting Period: 07/01/2014 to 06/30/2015
Report Type: Progress Report
Report Status: Approved

Assignment: TF099721

Indonesia - FCPF Readiness Preparation Grant FCPFR - FOREST CARBON PARTNERSHIP FACILITY

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Approving Manager: 00000066054 - Iain G. Shuker

| Summary Information | |
|------------------------------------|-------------------------------|
| TF Status | ACTV |
| Recipient Country | Indonesia |
| Executed By | Recipient |
| Managing Unit | 9061 - GENDR |
| Grant Start Date / End Date | 06/10/2011 to 06/30/2016 |
| Original Grant Amount | 3,196,428.00 |
| Grant Amount | 3,196,428.00 |
| Outstanding Commitments | 0.00 |
| Cumulative Disbursements | 2,766,338.90 as of 06/30/2015 |
| Disbursed 07/01/2014 to 06/30/2015 | 161,888.76 |
| 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 07/01/2014 to 06/30/2015 with regard to Achieving Grant Objectives:

Comment:

During the reporting period, the Government of Indonesia (GoI) underwent a significant institutional reform within the implementing agencies, combining two ministries (the Ministry of Environment and the Ministry of Forestry) along with the roles and functions of two agencies (the REDD+ Agency and the National Council on Climate Change) to create the Ministry of Environment and Forestry (MOEF), including the creation of a new Directorate General of Climate Change, in which roles and functions of all institutions responsible for climate change issues were integrated. Subsequently, this process resulted in significant delays in the availability of budget for project implementation following delays in the national 2015 budget cycle process. However, the project maintained a Moderately Satisfactory rating, as while the transition process and MOEF restructuring resulted in delayed implementation of many project activities, some of key activities in the 2014 work plan were successfully implemented (see below) but no activities were implemented between January 1 and June 30 2015. That said, the grant objective is still considered to be achievable.

Overall progress from 07/01/2014 to 06/30/2015 with regard to Implementation of Grant Financed Activities:

Comment:

During the reporting period, grant implementation experienced significant delays due primarily to the institutional changes mentioned above and the resulting impacts on 2015 budget availability. As a result the work plan for 2015 was not implemented in the last half of the Bank FY (corresponding to the first half of the GoI fiscal year).. Accordingly, the rating for overall progress during this period has been downgraded to Moderately Unsatisfactory. While no activities in the 2015 work plan were implemented, four of the five core activities in the 2014 work plan were successfully implemented:

- i) Development of Permanent Sample Plots (PSPs) and relevant associated trainings;
- ii) Development of guidelines for effective engagement with local communities (focusing on eastern Indonesia);
- iii) Support dissemination of knowledge and information to increase stakeholders' knowledge, awareness and understanding related to climate change and REDD+ both nationally and, particularly, sub-nationally. The grant has also helped increase the involvement of local stakeholders including local universities through development of REDD+ Working Groups (e.g. in Ambon, Padang, Lombok), and the establishment of seven regional networks of universities and research agencies that relate to forestry and climate change (e.g. Java, Sumatra, Kalimantan, Sulawesi, Bali-Nusa Tenggara, Maluku and Papua region); and
- iv) Grant resources were used to support the preparation and development of the Emission Reduction-Project Idea Note (ER-PIN) for an FCPF Carbon Fund project, including through a series of public national and sub-national consultations at national and sub-national levels.

Given delays in project implementation, the GoI requested the World Bank to extend the Closing Date by 12 months from December 31, 2014 to December 31, 2015, which was approved on July 14, 2014. The extension of the Closing Date would allow the GoI to complete activities as outlined in the project work plan.

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 grant-supported Readiness activities (#the Project#) are part of the Government's overall readiness process, that is and has been supported by significant GoI budget funds as well as those from other development partners. A preliminary assessment of progress toward readiness suggests there is still important progress to be made to achieve #REDD readiness#, for

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which the FCPF Participants Committee has preliminarily made available an additional USD 5 million during the Seventeenth FCPF Participant Committee (PC) Meeting in Lima, Peru, in July 2014. Additionally, the Gol has submitted and formally presented the FCPF Emission Reductions-Project Idea Note (ER-PIN) during the 10th Carbon Fund Participants (CFPs) Meeting in Washington DC, in October 2014, in which the Carbon Fund Participants (CFPs) decided to provisionally include Indonesia's ER-PIN into the program pipeline and provisionally allocated up to \$650k to support the Gol in developing the Emission Reduction Program Document (ER-PD).

End Date of Last Site Visit:

Restructuring of Grant:

OUTCOME

Comments on outcome achieved from 07/01/2014 to 06/30/2015

Despite the political process and institutional changes in the MoEF during the reporting period, the project has managed to contribute to the national readiness process, providing technical inputs to the development of the REDD+ implementation framework (e.g. Forest Reference Emission Level, Monitoring Reporting and Verification/National Forest Monitoring System, safeguards, benefit sharing mechanism) and building capacities at both national, but particularly, sub-national level to implement REDD+ activities. Capacity building activities on various REDD+ readiness aspects, conducted in close collaboration with multiple stakeholders at national and subnational level, have contributed to the increased capacity, knowledge and awareness on REDD+ issues particularly at subnational level in the targeted areas.

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: 2.1 Institutional setting and legal framework for REDD implementation

Status: Under Implementation
Planned Output: Gaps in regulatory framework for REDD+ assessed and options for improvement identified.
Actual Output: Guidance for effective engagement of indigenous people and local communities for the Eastern part of Indonesia was developed and published.

Component 2: Management of readiness process: 2.4 Consultation and Outreach

Status: Under Implementation
Planned Output: REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved
Actual Output: It's an on-going activity. Various publications have been published (brief info, report, proceeding, flyers, books, documentary film & photo catalogue). Website has been updated & publicly available.

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Component 2: Management of readiness process: 2.4 Consultation and Outreach

Status: Completed
Planned Output: REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved
Actual Output: Workshop to develop guidance for effective engagement of indigenous people and local communities in eastern Indonesia was completed; facilitated by Regional Forestry Council (DKD) Maluku.

Component 2: Management of readiness process: 2.4 Consultation and Outreach

Status: Completed
Planned Output: REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved
Actual Output: Workshop on PSP were completed; Location of PSPs in NTT were identified; strategy & reporting of future maintenance and division of role & responsibility of institution at (sub)national were discussed

Component 2: Management of readiness process: 2.6 Strategic Env & Social Assessment and Environmental & Social Management Framework

Status: Planned
Planned Output: Ways for addressing key social and environmental considerations associated with REDD+ are transparently discussed
Actual Output: Activity has been delayed. MOEF is to document SESA status, incl. consultation & outcome; undertake comparative analysis of existing SG instruments & WB OP to identify best practice & highlight gaps

Component 3: REL and MRV: 3.3. Establishment of Permanent Sample Plots (PSPs) for ground-based forest carbon monitoring

Status: Under Implementation
Planned Output: Increased certainty in GHGs estimates from reduced emissions and increased removals, and stabilization of forest carbon stocks.
Actual Output: On-going activity. PSPs have been established in West Sumatera, NTT & Yogyakarta; Forest Carbon Monitoring Database was established; training on data verification, updates & validation was conducted.

Component 3: REL and MRV: 3.3. Establishment of Permanent Sample Plots (PSPs) for ground-based forest carbon monitoring

Status: Under Implementation
Planned Output: Increased certainty in GHGs estimates from reduced emissions and increased removals, and stabilization of forest carbon stocks.
Actual Output: Training on data validation and verification to support forest carbon monitoring database were conducted; Operators from 13 Provinces were trained; PSPs data in 13 Provinces were updated & verified.

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

Status: Under Implementation
Planned Output: The targeted districts have sufficient capacity to prepare for REDD+
Actual Output: On-going activity. Facilitated development of ER-PIN complemented by series of technical discussion & public consultation in selected districts; increased understanding on REDD+ among stakeholders

Comment on planned and actual Output

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Comment on component implementation progress

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: Kirsfianti Ginoga
Address: Forda / MoFor
Phone: 02151 8633944
Email:
Website:

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

The World Bank and Gol have made significant efforts to align the existing and future climate finance instruments with those supported by other Development Partners, including Norway. During the inception phase it was agreed that FCPF will focus its support to fill gaps, e.g., supporting areas where other donors do not support. Following the commitment from the Gol to participate in the FCPF Carbon Fund, one of the main challenges is the need for available up-front investment finance as the FCPF Carbon Fund does not cover costs to support priority actions that will lead to the achievement of emission reductions. Therefore, the program must be carefully coordinated with other activities financed by the government and/or development partners, including those financed by the World Bank under the Sustainable Landscape Program (e.g. FIP, DGM, and FCPF/BioCarbon Fund). As the World Bank is also providing support for other programs involving community development, agricultural development and governance reforms, the WB can contribute to 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 main change is the implementation arrangement, which has formally changed from Forestry Research and Development Agency (FORDA) to Forestry Research Development and Innovation Agency (FORDIA). It should be noted that such changes are in name only, as the implementing team remains the same.

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

There has been some important capacity improvement, including through contracting of a financial management consultant to support the implementing agencies. The AF will be available to support capacity building particularly at sub-national level with main focus is in the program accounting area of the Emission Reduction Program under FCPF Carbon Fund, that is being revised by the Gol to advance their capacity and readiness going forward with the implementation of the program.

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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?

Significant upstream analytical work and consultations -- the twin pillars of the SESA process -- have been implemented through a range of activities supported by both the MoEF and former 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. Immediate next steps still needed to finalize the SESA and ESMF include: (1) documenting the SESA process, through compiling and summarizing the significant drawing upon upstream analytical work already conducted during the development of both PRISAI and SIS REDD+ including its consultation processes, identifying any existing gaps, and outlining recommended policy and institutional strengthening measures; and 2) finalizing an ESMF.

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

The ESMF has not yet been completed. The ESMF would build on existing analytical work from SIS REDD+, PRISAI, existing national legislation, other operational guidelines and programs that include captures the detail, at the national level, of how to define how environmental and social aspects of safeguards will be operationalized for the implementation of different type of REDD+ investment will be adequately managed and monitored, as a final output of the SESA. The development of national ESMF is expected to be finished by the grant closing date (December 31, 2015).

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

Stakeholder consultation and engagement are essential elements of grant implementation. FORDIA has disclosed all project documents, reports and publications under www.fcpfindonesia.org. Internally, all formal documentation and process have been filed at the WBDocs, in the following link: <http://wbdocs.worldbank.org/wbdocs/drl/objectId/0b0224b080c523b0>

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 |