

INDONESIA LOI CONTEXT and EAST KALIMANTAN PROGRESS POST CF14th MEETING

Dr. Nur Masripatin (DG of Climate Change)

Dr. Henri Bastaman (DG of FOERDIA)

**FCPF CF 16th Meeting
Paris, June 20, 2017**



Outline

- **Indonesia LOI Context (DG of Climate Change)**
- **East Kalimantan Progress Towards a Greener and More Prosperous East Kalimantan Post CF14th Meeting(DG of FOERDIA)**

POLICY DEVELOPMENT SINCE THE SUBMISSION OF ER-PIN

- ❑ Indonesia entered into the Carbon Fund pipeline based on Resolution of the 11th CF meeting in Washington, October 2014.**

- ❑ Along with the change in the government, under the President Joko Widodo's leadership, a number of policy reforms have taken place.**

- ❑ Ongoing policy reforms and enhancement of law enforcement, have shown positive results for example :**
 - continuity of one map policy,**
 - FLEGT license,**
 - moratorium of new permits in peatlands,**
 - amendment and new regulations in peatlands management including peatland restoration,**
 - social forestry (12.7 million ha target) for communities live in and around forests**

POLICY DEVELOPMENT SINCE THE SUBMISSION OF ER-PIN *(continue)*

- **Land reallocation/land tenure reform (9.2 million ha target).**
 - **Legal recognition to the right of “masyarakat hukum adat” (internationally known as IPs).**
 - **Transformation in forest and land fire management from focusing on suppression to prevention.**
- In energy sector, Indonesia has also set a target to gradually transform to cleaner energy, including the target of 23 % of renewable energy sources in energy mix by 2025 and 25 % by 2030.**

Indonesian NDC Emission Reduction Target per Sector

No.	Sector	2010	Emission Level 2030 (Million Tons CO ₂ e)			Emission reduction				Annual Average Growth BAU (2010 – 2030)	Average Growth 2000 – 2012*
			BAU	CM1	CM2	Million Tons CO ₂ e		Percentage from Total BAU			
						CM1	CM2	CM1	CM2		
1	Energy*	453.2	1,669	1,355	1,271	314	398	11%	14%	6.7%	4.50%
2	Waste	88	296	285	270	11	26	0.38%	1%	6.3%	4.00%
3	IPPU	36	69.6	66.85	66.35	2.75	3.25	0.10%	0.11%	3.4%	0.10%
4	Agriculture	110.5	119.66	110.39	115.86	9	4	0.32%	0.13%	0.4%	1.30%
5	Forestry**	647	714	217	64	497	650	17.2%	23%	0.5%	2.70%
	Total	1,334	2,869	2,034	1,787	834	1,081	29%	38%	3.9%	3.20%

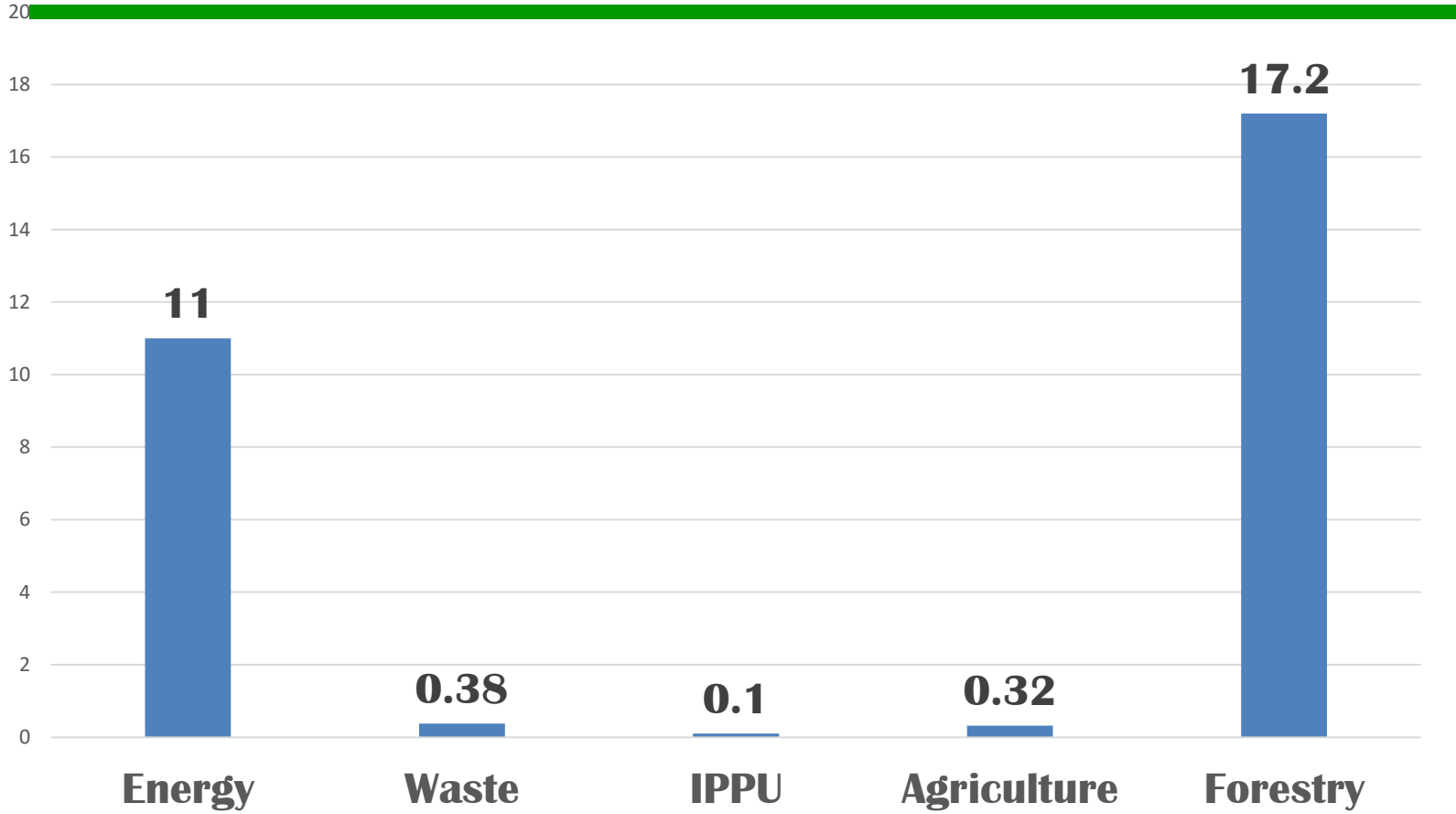
** Including peat fire

CM1= Counter Measure 1 (unconditional)

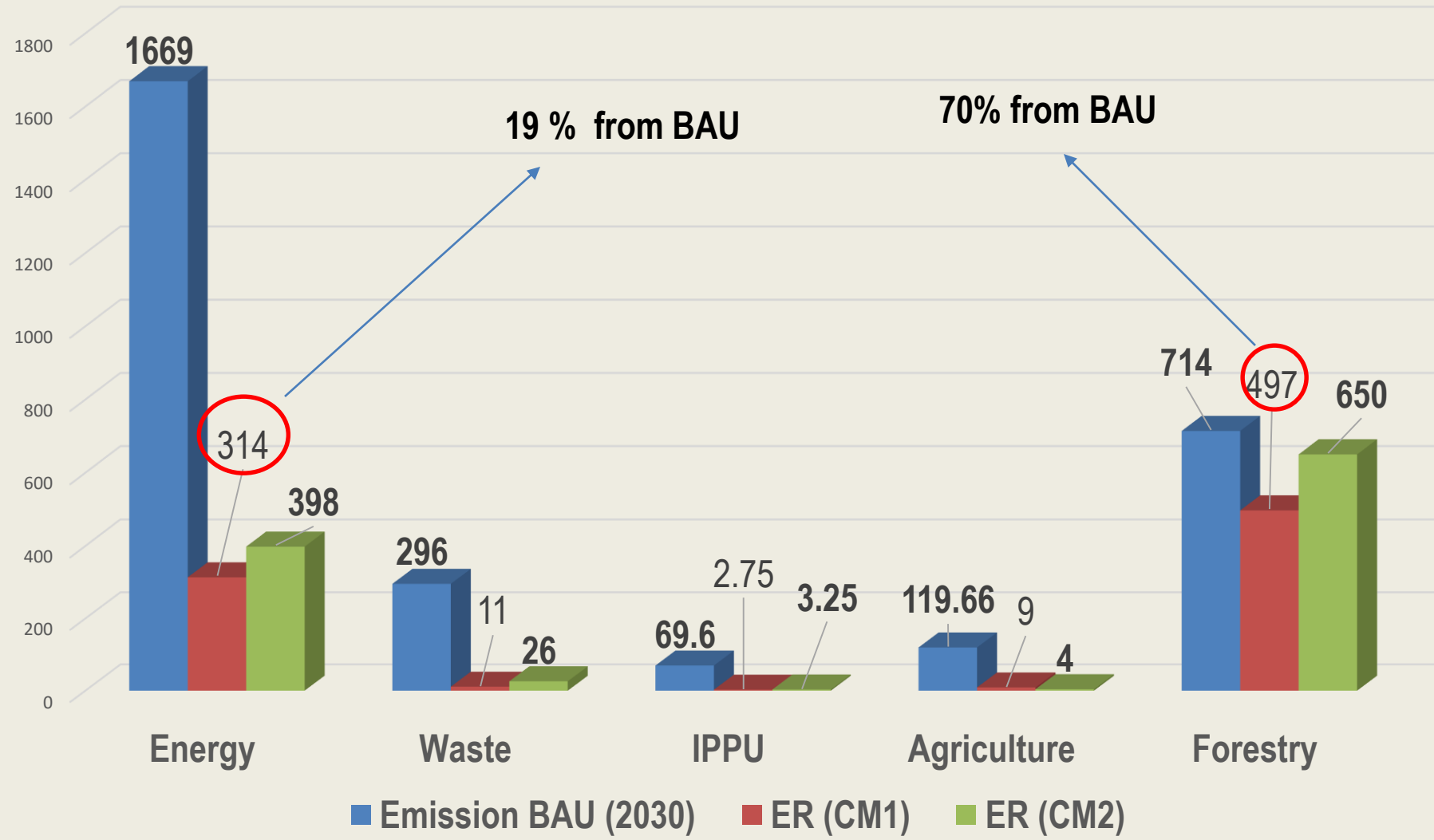
CM2= Counter Measure 2 (conditional)

* Including fugitive

PERCENTAGE FROM TOTAL BAU



BAU SECTOR AND MITIGATION SCENARIO 1 & 2



NDC IMPLEMENTATION STRATEGY

- **Achievement is through 9 programs**
 - **Building ownership and commitment from State and Non-state actors,**
 - **Development of implementation framework and communication network for coordination and building synergy, strengthening institution, and engaging NSA,**
 - **Creating enabling environment in the form of policy and regulations and related planning policies,**
 - **Human resources and institutional capacity building,**
 - **One Data Policy on green house gases (GHGs),**
 - **Development of policy, planning and programmes,**
 - **Development of Guidance for NDC implementation,**
 - **NDC implementation, and**
 - **Review and adjustment of the NDC.**

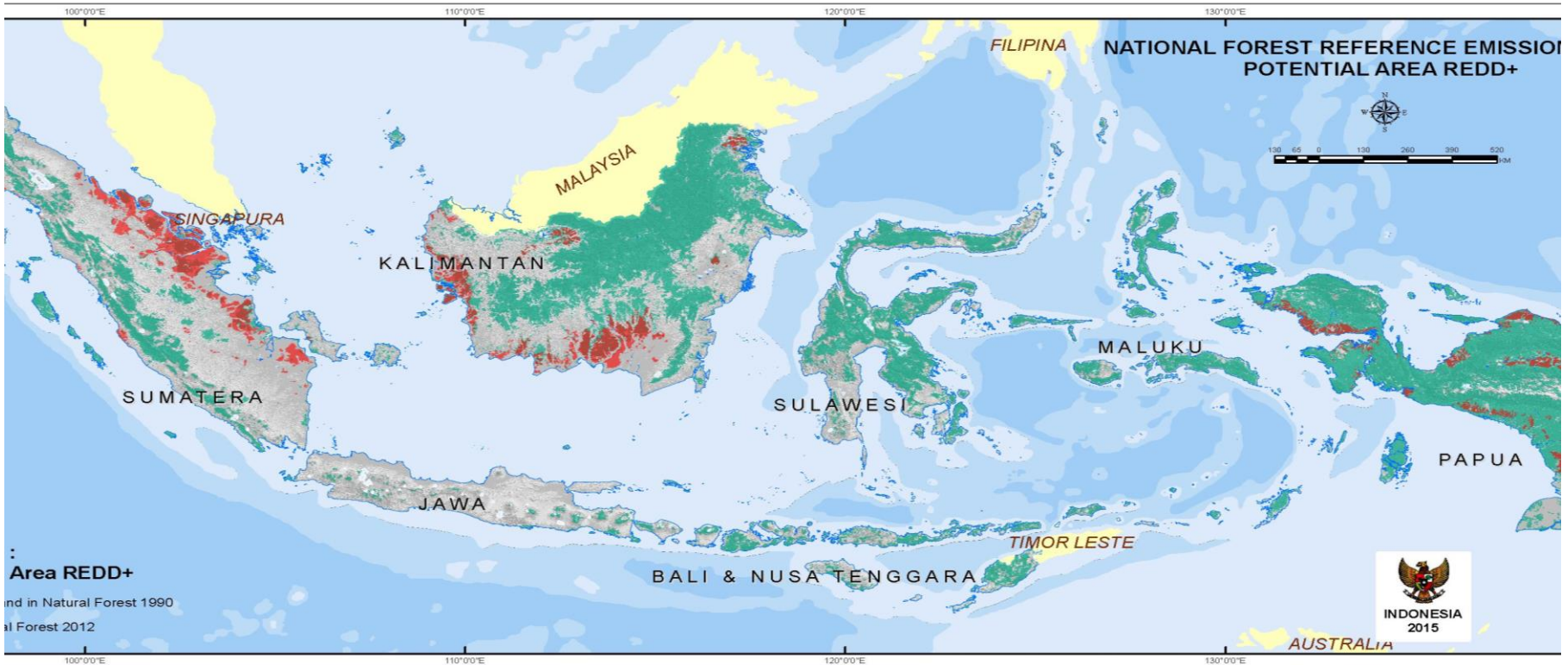
- **Consider the role of international support through REDD+ pre 2020 and beyond**

NDC_FORESTRY: MAIN AREAS OF ACTIONS

- 1. Reducing deforestation**
- 2. Enhanced implementation of sustainable management principles in both natural production forests (reduce degradation) and plantation production forests.**
- 3. Rehabilitation of degraded lands of 12 million ha by 2030 or 800 000 ha per year with 90 % survival rates.**
- 4. Peatlands restoration of 2 million ha by 2030 with 90 % success.**

NOTE : 1 and 2 are under REDD+

REDD+ AREA AND AREAS SUBJECT TO REHABILITATION AND RESTORATION IN INDONESIA



I. About 96.6 million ha of forests are REDD+ area

- Mineral - forested : 85,409,441 ha
- Peatlands : 11,144,036 ha (forested : 6,742,545 ha; unforested : 4,401,491 ha)
- Total REDD+ area : 96,553,478 ha

II. About 30 million ha degraded forest and lands (including peatlands) are subject to rehabilitation/restoration

ROLE OF REDD+ IN INDONESIA'S NDC & LOI FOR CF

- ❑ Indonesia's NDC stated the role of international support through REDD+ pre 2020 and beyond, with Article 5 of the PA as guidance.**
- ❑ The NDC also recognize the role of international mechanisms under Article 6 of the PA without specifying certain sector with understanding that guidance for Article 6 is now in the process of negotiation.**

Indonesia LOI

- **Indonesia – FCPF is negotiating a Letter of Intent**

The process to finalize draft LOI has taken longer time than it was expected because of some concerns Indonesia has in relation to legal transfer of emission reductions and its implications to the achievement of our NDC nationally through sub-national actions.

For the past few months we have been working with the World Bank Jakarta to address the question on how could the concern be addressed in the LOI and what the legal consequences of the General Conditions that could not be amended, to related Articles in the LOI which consists of elements of Indonesia's concerns.

With the background and considerations explained earlier, Indonesia has proposed adjustment to the draft LOI through the WB Jakarta, and we bring the issues to the 16th CF meeting here for consideration.

Excellency:

Letter of Intent: Potential Performance-Based Payment for Emission Reductions from the Indonesian Provincial Level REDD+ Emission Reductions Program in the Republic of Indonesia

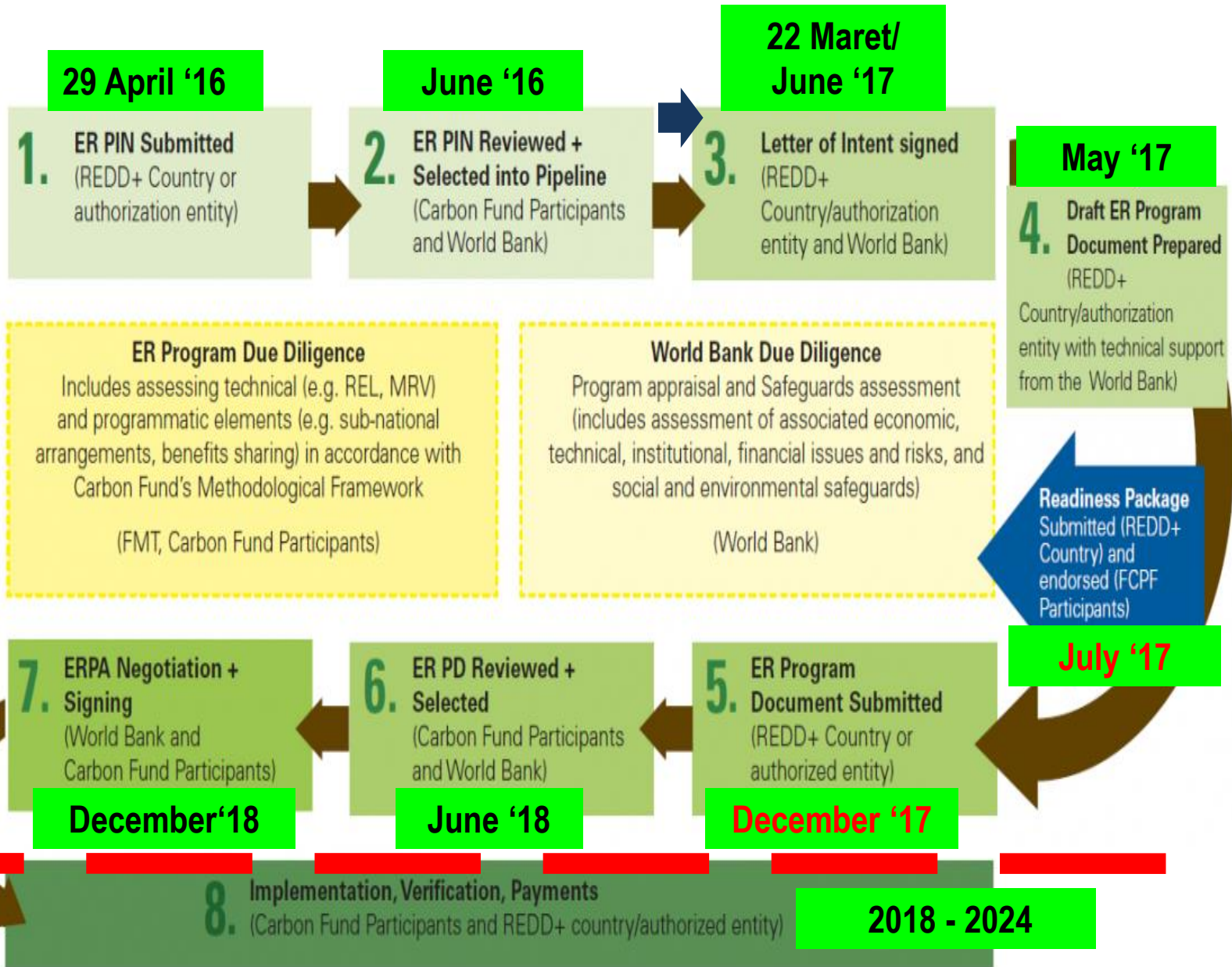
- 1.1** Considering the evolving rules and procedures under Article 5 and taking into account Article 6 of the Paris Agreement without prejudging the outcome of negotiation of the Article 6 of the Paris Agreement, the Program Entity intends to negotiate an ERPA with the Trustee, acting on behalf of the participants in the Carbon Fund of the FCPF, on a seniority basis, for ERs from the ER Program, measured in tons of carbon dioxide equivalent, free of all third party interests based on the price per ER to be agreed upon between the Parties, on the basis of the Pricing Approach for the Carbon Fund of the FCPF at the time that the Parties conclude negotiations of the ERPA (“**Contract ERs**”), provided that:
- (i) The Trustee shall not provide performance-based payments for more than 22,000,000 (in words: twenty-two million) ERs from the ER Program (“Maximum Contract Volume”);**
 - (vii) The Program Entity shall be allowed to use at least 94% of the volume of Contract ERs to be contracted and paid for under a potential future ERPA for meeting its ‘Nationally Determined Contributions’ under the Paris Agreement.**

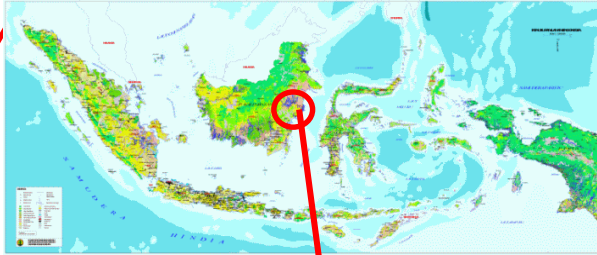
DG of FOERDIA

**Towards a Greener and
More Prosperous East Kalimantan**

READINESS FUND

CARBON FUND



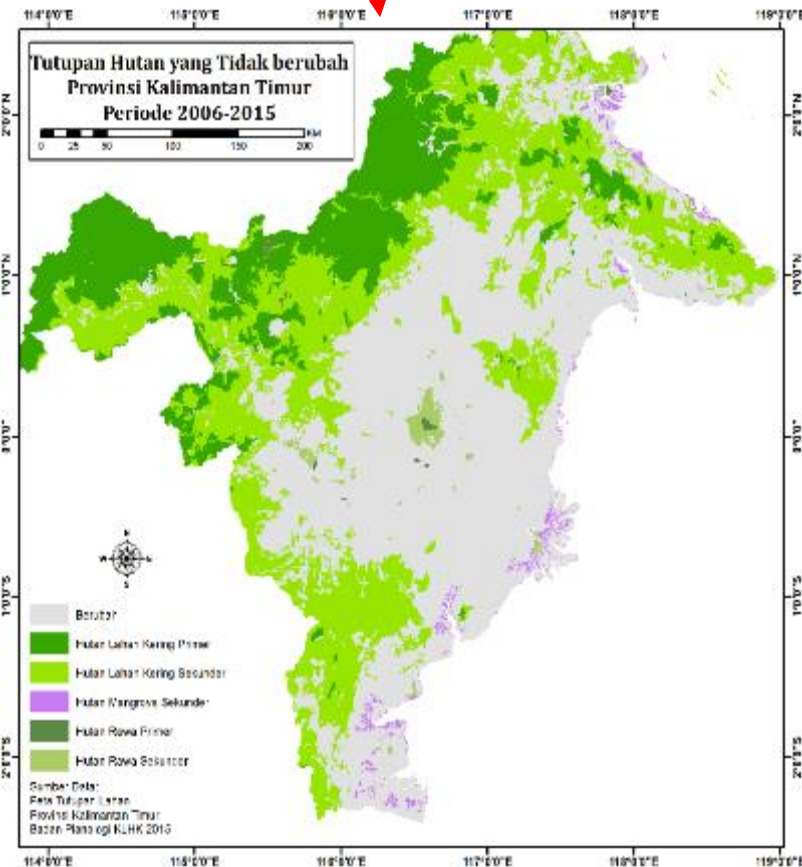


THE EAST KALIMANTAN PROVINCE

**A jurisdictional program
to maximize GHG Emissions Reduction in
East Kalimantan Province
from AFOLU sources**

Objective:

- **To reduce land based GHG emissions to support the East Kalimantan transition to a low carbon economy EAST KALIMANTAN GREEN**
- **Carbon Fund is NOT the goal, but it is part of a long term East Kalimantan development plan**
- **REDD programs will remain and continue to run through a collaborative actions**



East Kalimantan Strategy and Policy Milestones

SLIDE 17

2008

- Provincial Regulation No 7/2014 on Medium Term Development Plan for East Kalimantan 2013-2018

2011

- East Kalimantan Environmentally Sustainable Development Strategy (Presidential Regulation No. 46/2008 on the National Council on Climate Change)
- Governor Decree No. 2/2011 on East Kalimantan Council on Climate Change or DDPI
- Governor Regulation No 22/2011 on Guidelines for Implementing KALTIM GREEN
- East Kalimantan Low Carbon Growth Strategy

2012

- Provincial Strategy and Action Plan for Implementation of REDD+ (SRAP REDD+)
- Governor Regulation No 54/2012 on Provincial Action Plan for Reducing GHG

2014

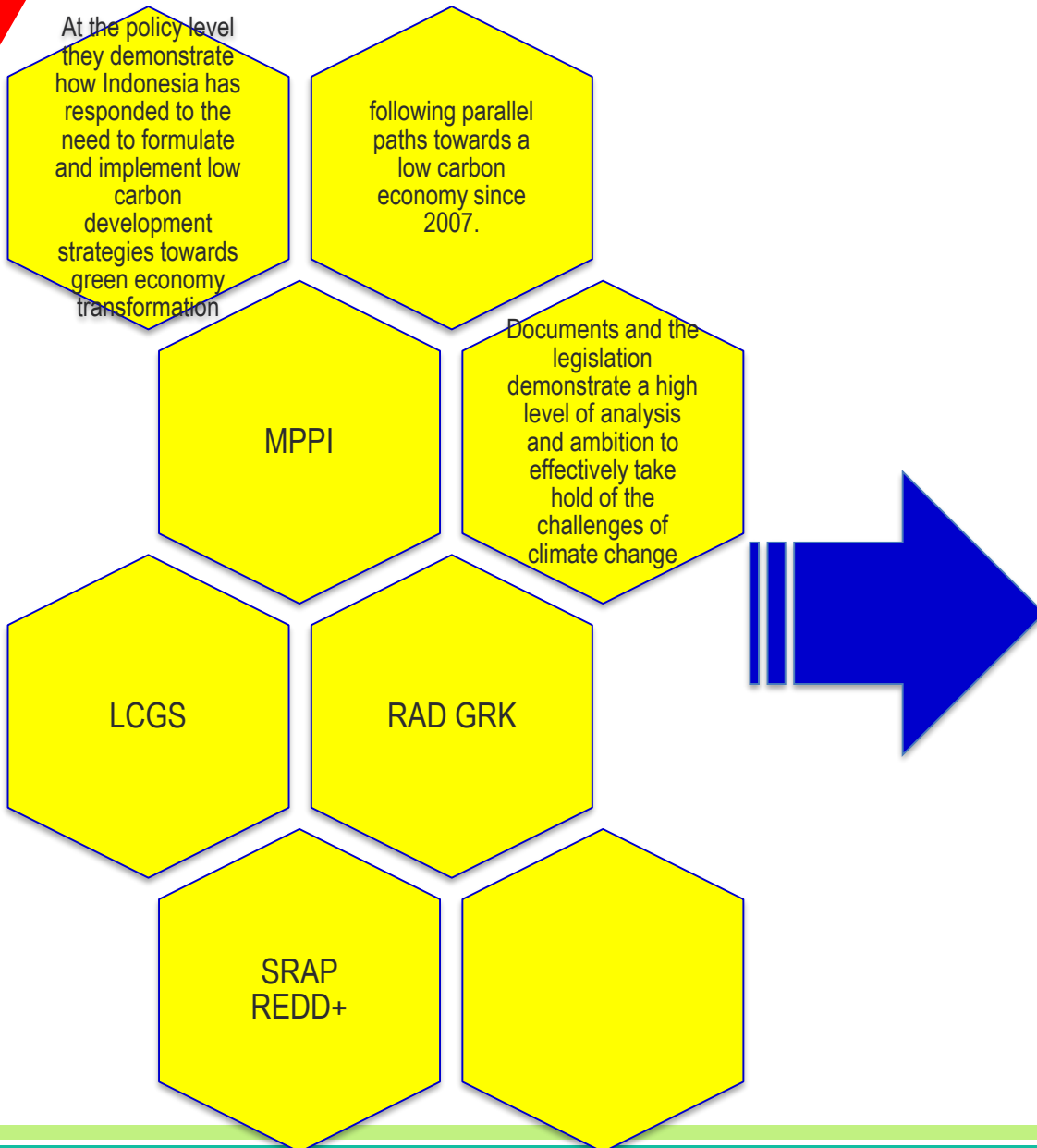
- Provincial Regulation No 7/2014 on Medium Term Development Plan for East Kalimantan 2013-2018
- Governor Regulation No.39/2014 on Provincial Action Plan for Reducing GHGs

2016

- Provincial Regulation No 1/2016 on East Kalimantan Spatial Planning
- Climate Change Master Plan 2015-2035
- Establishment of the *Green Growth Compact*

Transforming Policy to Practice

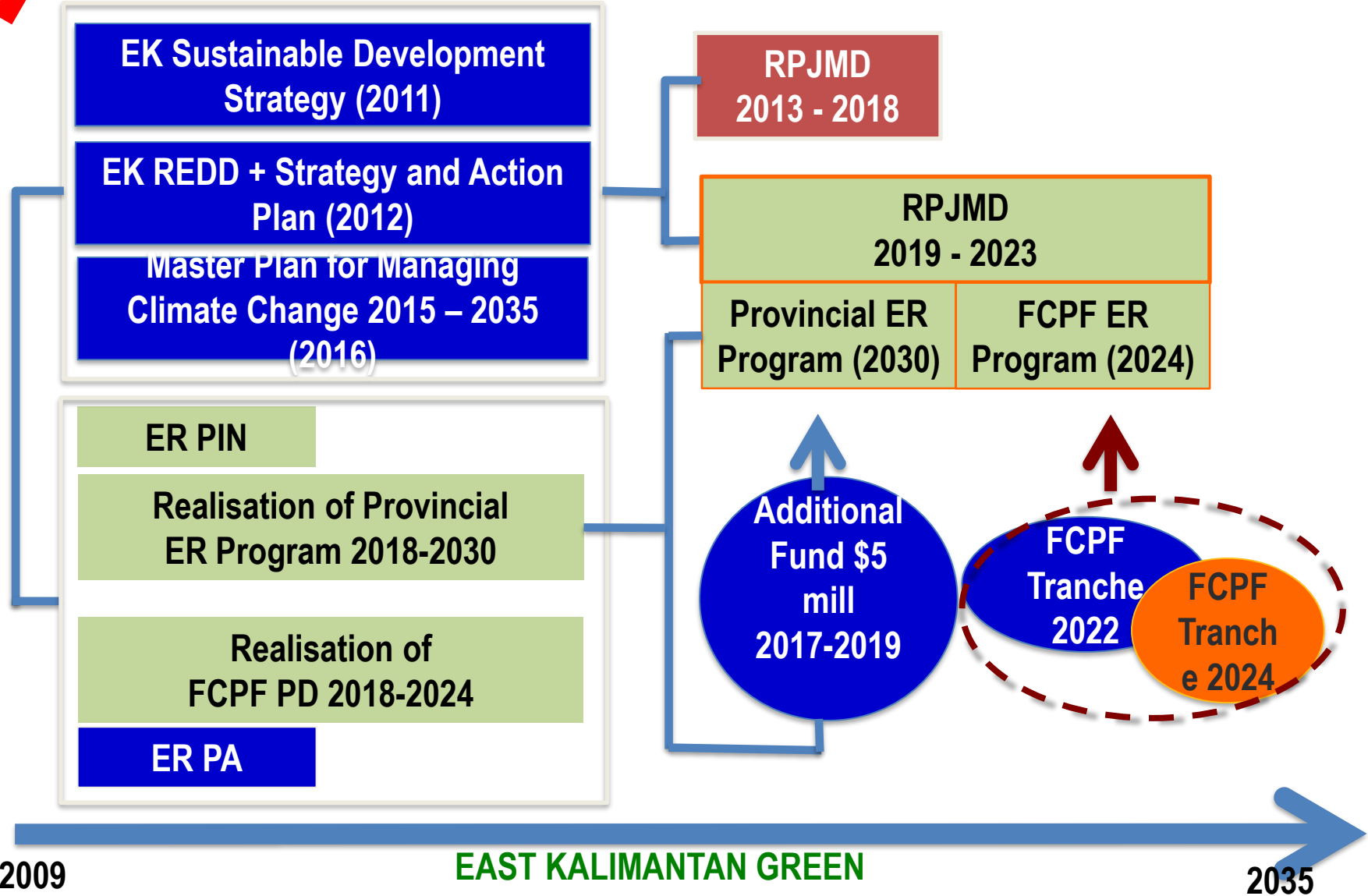
SLIDE 18



- yet demonstrate *how, where, and specifically when, the policy framework will be implemented.*
- For this to be demonstrated there needs to be clear links between the policy aspirations, the mid term plans (RPJMN and RPJMD) and the annual budgeting process. This is not clear in the ER-PIN

Readiness

Implementation



What Does The FCPF Offer to East Kalimantan?

- FCPF offers Indonesia **potential remuneration** for its investment in reducing emissions during an initial window of time *in the much longer process to which they have committed*.
- An FCPF agreement (ER-PA) for 2018-2024 provides **incentive** for Indonesia and East Kalimantan to learn how to undertake the transformation in land management practice required to achieve the national NDC and the Province goals.

The FCPF in East Kalimantan is not a Project: It covers the opening years of a long term economic transformation to which East Kalimantan has committed in its KALTIM GREEN

The Elements of a ER Transformation Program

Element

Scope

Enable

Continuing national and sub-national interaction, consistent with the laws and authorities of regional (Readiness)

Standard technical requirements for Readiness for REDD Carbon Credits Projects and have already received continuing detailed attention at the national and provincial level, although decisions yet to be taken to finalize each.

The Province will adopt the National policies and methodologies (with clarification that data scale and data collection will be different at the sub-national level and there must be focus on consistency across levels).

Implement (Provincial devt. progress since 2015)

- Internalization of programs for ER and CC into RPJMD and into the Strategic Plan of Regional Organizations is strengthened with Provincial regulations
- Strengthening FMU (21 Unit FMU)
- Draft on local regulation for Sustainable Plantation
- Social Forestry Program (target 661.774 ha; until May 2017: 184,712 ha)
- Spatial Planning to Support the Green Economy
- Master Plan for Climate Change in East Kalimantan
- Implementation of Green Growth Compact (GGC)
- Institutional Strengthening for Climate Change Regional Council of East.Kal
- Revised GHG Regional Action Plan and Forest Sector Focus
- Finalizing SESA

Sustain

integrate the implementing projects into governance and financial and social systems, mainstreaming them and promoting new livelihood opportunities

ER Program (“..still under consultation with stakeholders/agencies”)

- **Component 1: Organizational, policy, legislative and fiscal reform enabling the implementation of REDD+ Readiness at Provincial, District and other jurisdictional levels (villages and FMU)**
 - A process of institutional readiness to implement carbon emissions reduction (ER) in each of the target sectors developed, and represented and budgeted in the RPJMN/D and in each Sector Strategic Plan (**Lead Agency Prov. Secretary; Prov. Planning Agency**).
 - Carbon Accounting in line with the national system completed for the Province by sector and by District and appropriate and sustainable management infrastructure established to maintain and upgrade the data
 - A System of Monitoring, Reporting and Validation (MRV) consistent with national practice at an appropriate scale and level established and is being used to report progressive annual emission reduction, manage risk of leakage and non-permanence (**Lead Agencies Foerdia; DGCC; Prov. Environment Agency**).

Component 2: Implementation of management practices in the AFOLU Sectors (Forestry, Food and Mines and Energy) that Reduce Emissions of GHG.

- Targeted emissions reduction through SFM and avoided emissions and biodiversity conservation achieved within the forest estate in East Kalimantan (**Lead Agency Prov. Forest Agency**)
- Targeted emissions reduction in the estate crops sector achieved through improved spatial planning, estate planning and the application of sustainable oil palm guidelines (**Lead Agency Prov. Plantation Agency**).
- Targeted emission reduction in the mining sector achieved through improved spatial planning and land decisions using tools (such as InVEST and TEEB), and AMDAL and improved mine site management, mine closure and rehabilitation techniques (**Lead Prov. Energy Mineral Resources Agency**).
- Targeted emissions reduction in mangrove tidal wetland (peat) ecosystems achieved through improved spatial planning and rehabilitation of illegal and abandoned land (including tambak/fish or prawn pond) (**Lead Agency Fisheries and Environment**)

- ***COMPONENT 3: Sustaining transformation to a Province Low Carbon Economy through jurisdictional REDD+ Project Management.***

- A comprehensive social and environmental safeguards plan (SESA) plan/ESMF safeguards implemented which includes a system for feedback and grievance reporting from stakeholders affected by and use and management changes
- A Benefit Sharing Mechanism devised and tested for carbon and non-carbon benefits; and is delivering support for poverty reduction and improved livelihood opportunities in emerging local low carbon emissions economies.
- Bankable low carbon investment projects realized with renewed investments responding to East Kalimantan initiatives in climate change management.



THANK YOU