

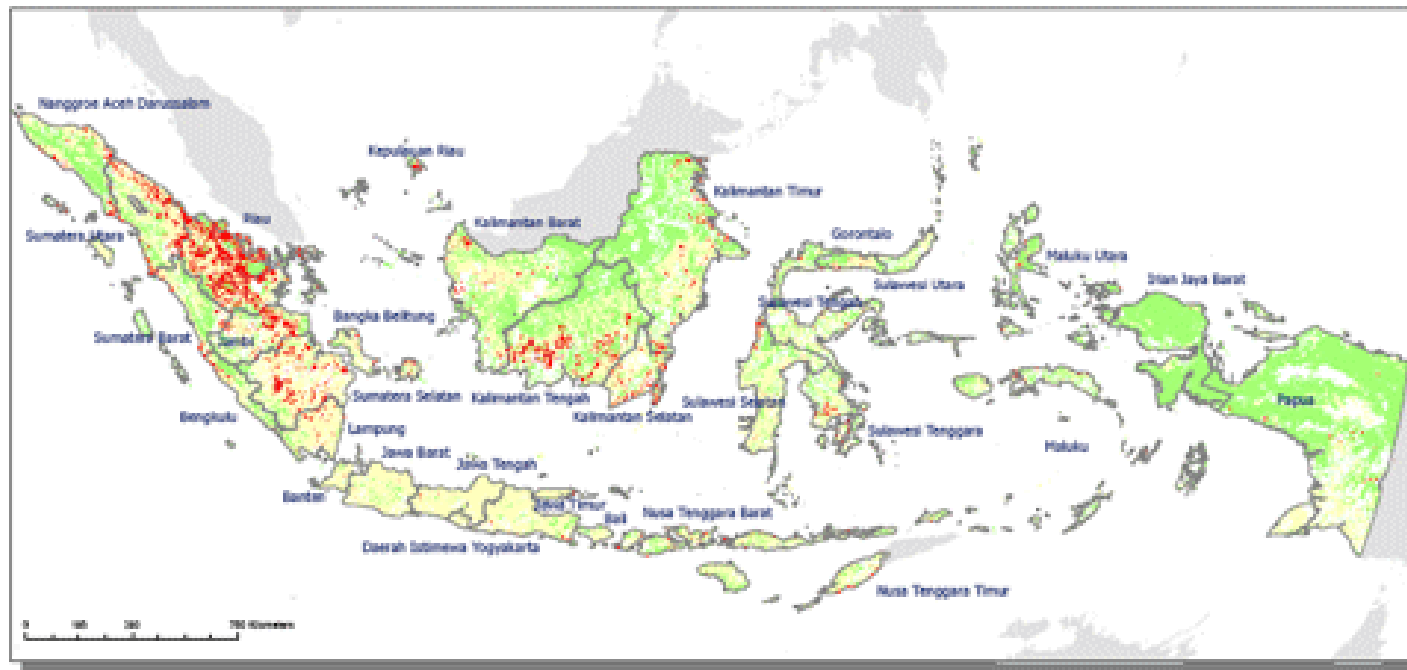


An Early Idea of Emissions Reduction Program in Indonesia

PRESENTED AT THE 10TH CARBON FUND MEETING,
BONN, 16 - 19 JUNE 2014




Indonesia's Forests

Decrease of forest cover in Indonesia 2000-2005: Forest cover change areas



 Forest cover change areas

Landscape classes

-  Natural forests
-  Other areas
-  No data (clouds) and inland water

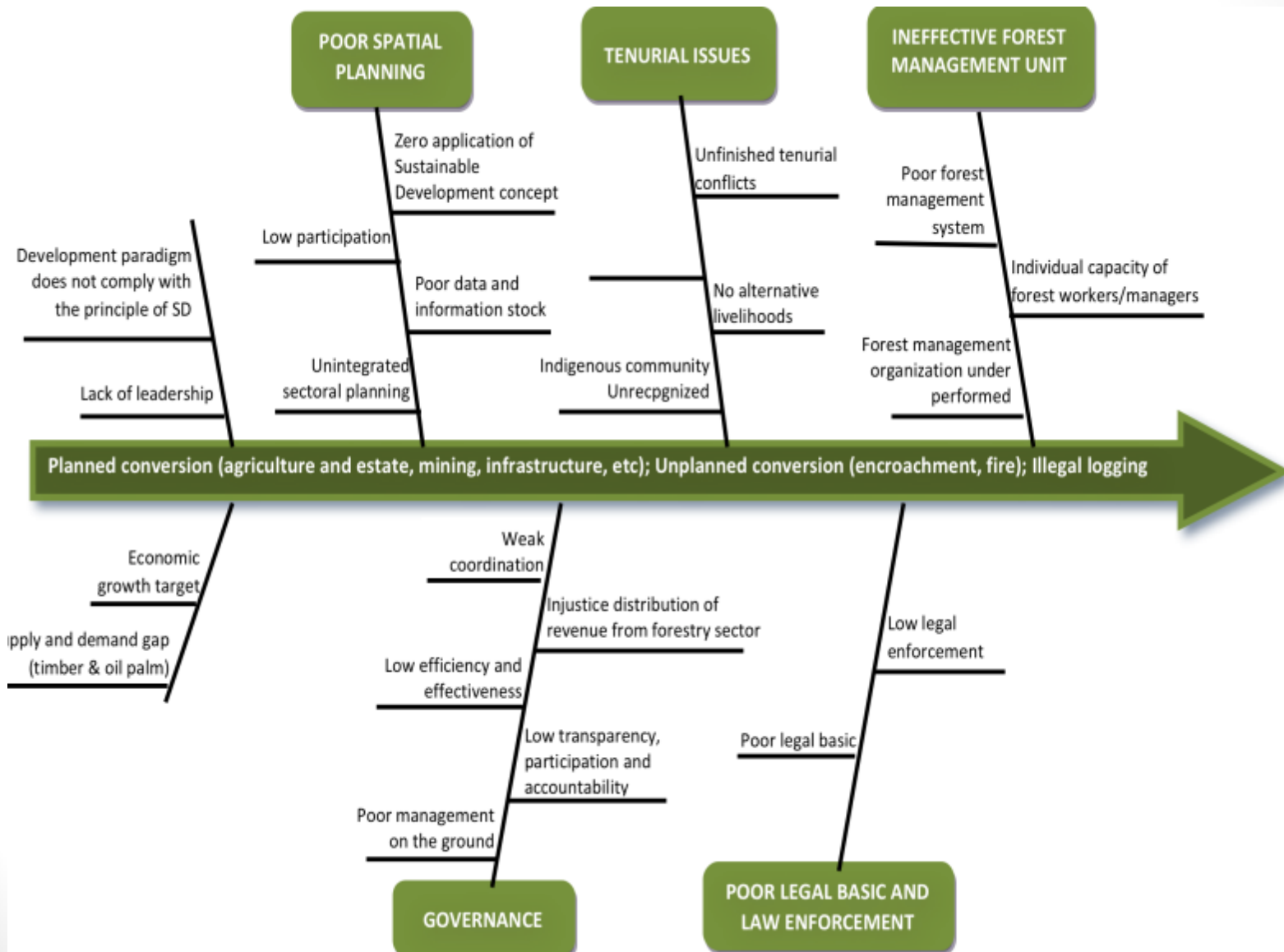
MODIS analysis – SDSU/SUNY-ESF
Landsat analysis – SDSU/MoF
MODIS pre-processing – NASA/UMd/SDSU
Landsat data provision – USGS/GPW/UMd
Indonesia land cover – MoF



Forestry Context and Political Commitment

- The annual deforestation rate has been reduced from 1.15 million ha/year in the period of 2003 – 2006 to 0.45 million ha/year in the period of 2010 – 2012
- National Commitment:
 - “Reduction of emissions of greenhouse gases by 26 – 41 percent, and Continue to grow the economy by 7 percent”

Main Drivers of Deforestation



Emission Reduction Program Location



Districts participating in the ER Program

District	Province	Capitol	Area (ha)	Forest (ha)	Population
Donggala	Central Sulawesi	Banawa	4,764,830	302,897	277,236
Tolitoli	Central Sulawesi	Tolitoli	4,079,600	202,480	211,296
Berau	East Kalimantan	Tanjung Redeb	3,412,747	1,513,170	140,047
Kutai Barat	East Kalimantan	Sendawar	1,700,000	903,556	165,934
Kapuas	Central Kalimantan	Kuala Kapuas	1,499,900	814,000	329,646
Merangin	Jambi	Bangko	766,861	311,293	333,206
Bungo	Jambi	Muara Bungo	465,900	96,519	303,135
		Total	16,689,838	4,143,915	1.5 million

Criteria for Selection:

- Fit with broader REDD+ priorities
- Building on previous REDD+ investments
- Strong civil society engagement
- Commitment from the local government

Building on REDD+ Readiness Progress

- REL
 - National REL have been drafted, with sub national calculation at 11 Provinces as part of national REL;
 - District level needs agreement on district boundaries
 - Forest cover data is available from 2000 onwards: six forest classes
 - Change within forest classes will be used to measure degradation
- MRV
 - Design document for a national MRV system prepared and under consultation
 - Data collection & capacity building at local level achieved
 - Vision is an MRV system that can:
 - Monitor deforestation nationwide at high frequency
 - Integrate technical and public information, including on governance
- Safeguards
 - Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI) – developed and adopted in a highly participatory way: 10 social and environmental principles
 - Safeguards Information System have been developed by Pustanling (Ministry of Forestry)
 - Integration of SIS and PRISAI as one national safeguards system in 2014
 - Strategic Environmental and Social Assessment (SESA) led by National Council of Forests (DKN) to complement the previous two initiatives

Building on REDD+ Readiness Progress (2)

- Benefit Sharing
 - Fund for REDD+ in Indonesia (FREDDI) under design
 - Several options have been proposed: fiscal transfers, National Community Empowerment Program (PNPM)
- Governance Reforms
 - Land / forest tenure clarification (Adat community rights, change in the definition of the State forest domain)
 - Forest Management Units (FMU/KPH)
 - over 56 million ha of state forestland across 25 provinces allocated into 600 discrete KPH areas. At least 120 KPH institutions should be operationalized in 2014
- The Program Design Phase will be used to develop the approach to integrate the ER Program Activities into the national Registry
- The Safeguard Unit of the REDD+ Agency will lead the design of ER Program's Feedback and Grievance Redress Mechanism (FGRM)

Estimated Reference Emission Level

District	Forest (ha)	Historical Deforestation (ha/yr)	Historical Deforestation (% of forest/yr)	Historical Carbon Loss Deforestation (tCO ₂ e/yr)	Historical Carbon Loss Deforestation + Degradation (tCO ₂ e/yr)
Donggala	302,897	1,197	0.4%	778,050	972,563
Tolitoli	202,480	1,585	0.8%	1,030,250	1,287,813
Berau	1,513,170	16,440	1.1%	10,686,000	13,357,500
Kutai Barat	903,556	12,427	1.4%	8,077,400	10,096,750
Kapuas	814,000	8,537	1.0%	5,549,050	6,936,313
Merangin	311,293	9,860	3.2%	6,409,000	8,011,250
Bungo	96,519	5,202	5.4%	3,381,300	4,226,625
Total	4,143,915	55,248	1.4%	35,911,050	44,888,813

Proposed ER Activities

- Activities are based on the REDD+ strategies of the respective provinces
- Supporting and building on transformative reforms in forest and land governance
 1. Support for local Forest Management Unit (KPH) Development (30% of program area)
 2. Support for Land and Spatial Planning Reforms (across entire program area)
 3. Community based activities (across entire program area, with focus on KPH areas)
 4. Activities related to forest concessions (production forest land) and estate crops (across program area)

Support for Forest Management Units (KPHs)

- KPHs will be responsible for developing management plans, for overseeing license holders, and for monitoring land use activities, particularly in open access areas not under license
- The total area covered by the KPHs in the seven districts is around 1.3 million hectares
- Support the development of institutional models
- Community-focused investments to enhance the enabling conditions for sustainable land use and REDD+ project implementation
- Activities will support KPHs and other subnational institutions

Support for Land and Spatial Planning Reforms

- The National REDD+ Strategy makes tenure issues a central point to be addressed
- Recent policy developments provide an important entry point for the ER Program to support progress in this area.
- Recent constitutional court rulings (MK 45 and 35) on the definition of State Forest Land and land rights of customary communities provides a window for significant acceleration of forest tenure reform.
- Specific investments will include:
 - support to sub-national conflict resolution processes
 - capacity building of local communities to engage in participatory mapping
 - support for finalizing the One Map initiative
 - land registration
 - analytical and technical support to local institutions involved in spatial planning and gazettal.

Site-based activities

- Specific field-based activities will be guided by the SRAP and other REDD+ strategies of the corresponding province,
- Will build on the previous activities aimed at governance improvements
- Kutai Barat and Berau have solid ER programs in place
- Design of site-based programs in other districts will take place during ER-PD design phase
- Overall site-based activities will include
 - Community based activities: including support for community based forest management (CBFM) i.e. village forest, customary forest, alternative livelihoods, yield improvements, and capacity building
 - Activities related to forest concessions and estate crops: including capacity building for RIL, best management practices, support for certification systems, and land swaps.

Expected Emission Reduction

District	REL: Deforestation + Degradation (tCO ₂ e/yr)	Potential Reduction	Estimated ER per year (tCO ₂ e/yr)	Estimated ER 2016- 2020 (tCO ₂ e)	Estimated ER 2016- 2026	Estimated ER 2016-2030
Donggala	972,563	20%	194,513	778,050	1,945,125	2,723,175
Tolitoli	1,287,813	20%	257,563	1,030,250	2,575,625	3,605,875
Berau	13,357,500	20%	2,671,500	10,686,000	26,715,000	37,401,000
Kutai Barat	10,096,750	26%	2,612,500	10,450,000	26,125,000	36,575,000
Kapuas	6,936,313	20%	1,387,263	5,549,050	13,872,625	19,421,675
Merangin	8,011,250	20%	1,602,250	6,409,000	16,022,500	22,431,500
Bungo	4,226,625	20%	845,325	3,381,300	8,453,250	11,834,550
Total def. + degr.	44,888,813	21%	9,570,913	38,283,650	95,709,125	133,992,775

- Emissions from peat decomposition and fire not yet included

Preliminary Financing Plan

Activity	Cost (US\$)
Program Development Costs (MRV, REL, FGRM)	4,500,000
Support for KPH	27,000,000
Support for spatial planning and tenure reforms	42,000,000
Community based activities	104,000,000
Activities related to forest concessions and estate crops	70,000,000
MRV and FGRM	4,000,000
Total Cost	251,500,000

Source	Funding (US\$)
FCPF Readiness Funding (grants)	2,500,000
Government budget	11,200,000
Berau Forest Carbon Partnership (grants)	50,000,000
Kutai Barat (grants)	82,500,000
Total Sources	146,200,000

... identified during design phase and by FREDDI.

- Total value of ER Payments is estimated at US\$191m (\$5/t, excl. peat)

Displacement and Reversals

- Geographic discontinuity of the participating districts creates risk of domestic displacement
- Addressing spatial planning and tenure issues will lead to long term governance improvement, reducing risk of reversal
- Investment climate improvements and better access to degraded land (land swaps, spatial planning, conflict resolution), means displacement of forest conversion will be minimized
- Where fire creates a risk of reversal this will be addressed through ER activities
- Strong local ownership and long term incentives from alternative livelihoods, and ER Payments from other sources will further reduce risk of reversal

Monitoring Approach

- Development of monitoring will support the finalization of the national MRV system.
- The REDD+ Agency and the Ministry of Forestry will ensure that there is full alignment between the two systems.
- Will build on existing system of sample plots
- Monitoring will include deforestation, degradation, governance indicators, and non-carbon benefits. Peat may be included.
- Issues related to land conflict will also be monitored
- Monitoring may extend to buffer zones in bordering districts to account for displacement.
- Monitoring approach will be finalized during design stage, using participatory and inclusive approach.
- During the Program Design Phase, opportunities for community participation in monitoring and reporting will be explored.

Benefit Sharing Options

- Based on a consultative inclusive design process with a particular focus on customary and local communities
- Takes into account the legal uncertainty related to land and carbon rights, and incorporates customary and informal land rights
- Uses existing national frameworks and institutions and builds on existing benefit sharing mechanisms (such as PNPM, the Regional Incentive Mechanism, Special Allocation Funds etc.), and The Fund for REDD+ (FREDDI)
- Works across multiple channels, targeting key actors and programs, including communities, KPHs, local governments, concessions, and projects

Institutional Partners

- The Ministry of Forestry
- The REDD+ Agency
- District and provincial governments
- Bappenas, Ministry of Finance, Ministry of Environment, Ministry of Home Affairs, National Council for Climate Change
- Forest Management Unit – FMU/KPH institutions
- Customary (*adat*) communities
- Local NGOs
- Program partners
- The National Forestry Council

Stakeholder Consultation and Participation

- Stakeholder engagement process has been intensified March 26, until 19 May, 2014 covering about 5 meetings involving:
 - Governmental agencies
 - international partners
 - the private sector
 - Universities and research institutions
 - CSOs and NGOs
- Many of the requirements related to the consultation/ participation for the Program can be satisfied through the more widespread adoption and application of the Consultation Protocols developed for MoFr by the National Forest Council (DKN)
- ToR for a community-level consultation protocol, focused on the engagement of specific and forest dwelling communities, are under development

Non-Carbon Benefits

- Biodiversity:
 - The program area is located on three islands with high biodiversity levels
 - Sulawesi has a mix of both Asian and Australasian species. 79 endemic mammal species
 - Kalimantan has more than 210 mammal species and up to 15,000 different flowering plants
 - Sumatra's endemic primate diversity per unit area is unmatched anywhere on Earth
- Strengthening the KPH System
- Improving spatial planning
- Supporting tenure reforms
- Community based activities
- Activities related to land use businesses

Next Steps: June and October 2014

- Further Consultation process at national, provincial, district, and local levels
- Finalization and submission of REL: based on forest type, deforestation and degradation as activities, possibly inclusion of peat emissions and forest fire
- Further identification of partners and ER Activities
- Further refinement of institutional arrangements and benefit sharing mechanism
- Submission of ER-PIN to FCPF Carbon Fund



Thank You

Terima Kasih