

REPUBLIC OF INDONESIA

Mid-Term Progress Report on the REDD+ Readiness Process in Indonesia



Jakarta, Agustus 2013 (Draft)

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1. Objective of the Report

The **objective** of the mid-term progress report is to report on the progress made in activities funded by the Indonesia FCPF Readiness Preparation Grant, while also providing an overview of the overall progress in the implementation of Indonesia's R-PP. The mid-term progress report is based largely on Indonesia's self-assessment of the REDD+ readiness process, draws on the information generated through the countries' monitoring and evaluation system of the national Readiness program, and benefited from inputs received from stakeholders during a meeting held in Jakarta on May 24th 2013. The list of stakeholders attending the meeting is included in an Annex. In addition, the report is complemented by other sources of information, including informal discussions with stakeholders.

The **format** of the mid-term progress report mirrors the four main components in the R-PP, notably (1) Readiness Organization and Consultation, (2) REDD+ strategy option, (3) reference emissions level, (4) monitoring system for forests, and safeguards. The report provides an overview of the overall national REDD+ Readiness process, as pictured in Figure 1. However the Readiness components that are being supported with FCPF financing was highlighted. The mid-term progress report is an important step leading to the Readiness Package.

+ REDD+ Architecture

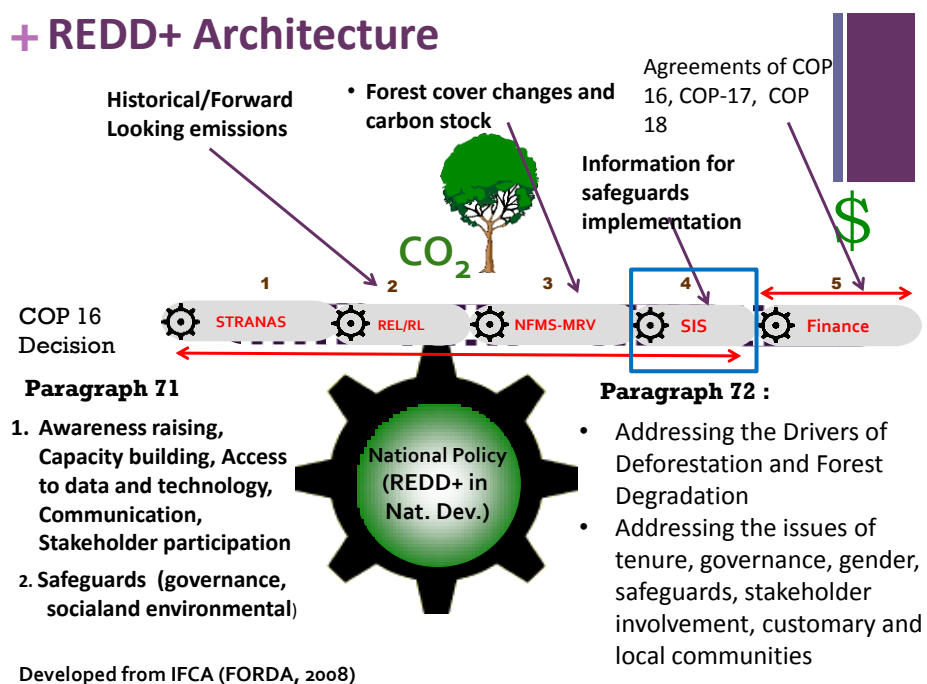


Figure 1. REDD+ Architecture in Indonesia

2. Overview of the progress made in the implementation of the R-PP

In general, several **challenges** of the progress made in the implementation of the R-PP in advancing REDD+ Readiness in Indonesia have been:

- Institutional arrangements to deal with REDD+ at the national level have not yet been decided by the high-level decision-makers, leaving an institutional vacuum at present;
- Dealing with high expectations and different perceptions from all domestic and international stakeholders regarding REDD+;
- Coordinating a multitude of simultaneous REDD-related initiatives throughout the country;
- Providing minimum guidance and a framework for REDD+ initiatives in the same of major uncertainty about the mechanism;
- Ensuring coherence between UNFCCC guidance and national practice on technical issues such as MRV and REL;
- Dealing with the increased fragmentation of REDD+ initiatives globally;
- Low capacity and governance weaknesses at the sub-national levels to implement REDD+ activities;
- Ensuring consistency between Climate Change Action Plans at the national and sub-national levels (RAN-GRK & RAD-GRK) and REDD+ Strategy and Action Plans at the national and sub-national (National REDD+ Strategy, SRAPs);
- Ensuring speedy disbursement of the FCPF grant due to complex fiduciary policies from the GoI and from the WB.

Several **lessons learned** Indonesia from FCPF-RPP can share at this stage are:

- **Knowledge dissemination.** Involving local universities on methodological issues is key to enhancing knowledge on this new matter throughout country and to generating data. The establishment of a network of Universities on Forests and Climate Change allowed knowledge exchange across the country. Official publications are important to ensure information sharing across stakeholders ;
- **Capacity building and stakeholder engagement.** By resorting to local universities as 'hubs' of knowledge spreading and stakeholder engagement, substantial cost savings were achieved, as capacity building is led by local actors instead of relying on external actors;

- **Indigenous peoples.** The REDD+ agenda has opened new venues for Indigenous Peoples to participate in policy making and make their claims heard, and spurred renewed attention to IP concerns and proposals;
- **Pilot activities.** Officially designating Demonstration Activities and tracking their progress through regular information sharing opportunities enriched the national REDD+ Readiness process;
- **Consultations.** Outsourcing some of the multi-stakeholder consultations and safeguards development activities to a multi-stakeholder body (DKN, in this case) increases the legitimacy of the exercise. On the other side, the capacity of this body needs to be strengthened to ensure proper delivery of agreed outputs;
- **Alignment with broader policy framework.** REDD+ needs to be fully aligned with, and contribute to, broader policy changes in the country. In the case of Indonesia, REDD+ is expected to effectively contribute to the strengthening of Forest Management Units (KPH) as a key element of the governance framework for forests in Indonesia.
- **Subnational engagement around REDD+.** REDD+ has created new momentum among subnational governments, which facilitated an engagement on important forest issues, beyond REDD+. There is also renewed interest on the part of subnational governments to ensure alignment with national policies given Indonesia's vision of REDD+ as "a national approach with sub-national implementation".

2.1 Readiness Organization and Consultation

2.1. 1 National REDD+ Management Arrangements

National REDD+ management arrangements have progressed rapidly. Several initiative for accelerating action on REDD+ established a phased program of action, focusing first on establishment of a national strategy, a management agency, a MRV agency, a pilot province, and a financing instrument. The regulation underlying is pictured in Figure 2.

The **Presidential REDD+ Task Force** was established in September 2010. It is chaired by the head of the President's Monitoring and Delivery Unit (UKP4) and comprises high ranking officials from key ministries and agencies as well as various non-governmental experts. Since early 2013, the Task Force has 10 working groups responsible for: (i) the National REDD+ Strategy and Action Plans (ii) the establishment of the REDD+ Agency, (iii) the concept note for the REDD+ financial mechanism, (iv) the development of the first REDD+ Pilot Province of Central Kalimantan, (v) Monitoring of the moratorium of new land use licensing, (vi) the establishment of the institution and mechanism for Monitoring, Reporting and Verification, (vii) Mainstreaming of national and sub-national programs, (viii) Legal Review and Enforcement, (ix) Communication and Stakeholders Engagement, and (x) Knowledge Management and Support.

The Task Force has suggested the establishment of a **National REDD+ Agency**, which is now under Presidential Regulation No. 62/2013. The establishment of the REDD+ Agency will be a starting milestone for National REDD+ implementation in Indonesia. Upon the establishment of the Agency, the grant agreement for the second phase of performance-based funding between Indonesia and Norway will be signed. After its establishment, the REDD+ Agency will subsequently create FREDDI as the financing instrument for the REDD+ Implementation under the Agency.

In 2011 the President of Indonesia issued Instruction Number 10/2011, on Postponement of the Issuance of New Permits and Perfecting the Governance of Primary Natural Forest and Peatland. This **moratorium on forest conversion**, which was extended by another two years through Presidential Instruction Number 6/2013, provides a significant opportunity to address important governance issues, including spatial planning and licensing, before further primary forest and peatland is converted to non-forest uses. The Task Force has also produced a map that identifies the forest areas to be included in the moratorium. The map is available at: <http://appgis.dephut.go.id/appgis/petamoratorium.html>.

A number of **sub-national REDD+ activities** are underway. Most of these are small-scale activities at the project level; others are larger in scale and will test REDD+ strategies at the province or district levels. Demonstration activities spread across the country have produced useful results, including: (i) development of an avoided deforestation methodology for peatlands; (ii) experiences with district level REDD+ approaches; and (iii) inputs into the development and field testing of a national forest carbon accounting system.

REDD+ Demonstration Activities

Over 77 REDD+ demonstration projects have been recorded; nine are considered official pilot projects or demonstration activities, supported primarily by bilateral donors and other partners. The official Demonstration Activities include:

- Merang REDD Pilot Project (MRPP) in South Sumatra supported by GIZ (already completed): strategies and structures for peat forest management and improved fire management schemes.
- FORCLIME project supported by KfW and GIZ: financing REDD Demonstration activities in three districts of Kalimantan; establishment of reference levels, and support to the respective FMUs.
- The Nature Conservancy (TNC) Berau project in East Kalimantan: development of district-wide reference levels and implementation of activities (improved forest management, forest restoration, oil palm swaps and land use planning) leading to reduced emissions.
- UN-REDD project in Central Sulawesi supported by the UN agencies of UNEP, UNDP and FAO: capacity for spatial socio-economic planning incorporating REDD; empowering local stakeholders to benefit from REDD activities; development of multi-stakeholder-endorsed district REDD plans.
- Central Kalimantan province, selected as a REDD+ pilot province under the Norway Lol.
- Korea International Cooperation Agency (KOICA) project in West Nusa Tenggara, in collaboration with the Government of South Korea.
- International Tropical Timber Organization (ITTO) project in East Java: focuses on REDD and enhancing carbon stocks through expanded community participation in conservation and management of MeruBetiri National Park.

There are other initiatives that classified as “voluntary initiatives”. Most of these are being prepared by international and local non-governmental organizations (NGOs) and several have been proposed by private companies and international investment banks.

In spite of this progress a number of **challenges** remain, including the following:

- The REDD+ Agency needs to be finalized, or a similar governing national body with cross-sectoral representation and authority needs to be established.
- National management arrangements need to be better aligned with sub-national agencies at the province, district, and project levels.
- Sub-national REDD+ working groups need to be strengthened.
- Community level institutions need strengthening in order to facilitate partnerships.
- Forest Management Units (FMUs) need to be strengthened to support field level REDD+ management and implementation.

+ Historical Background of REDD+ in Indonesia

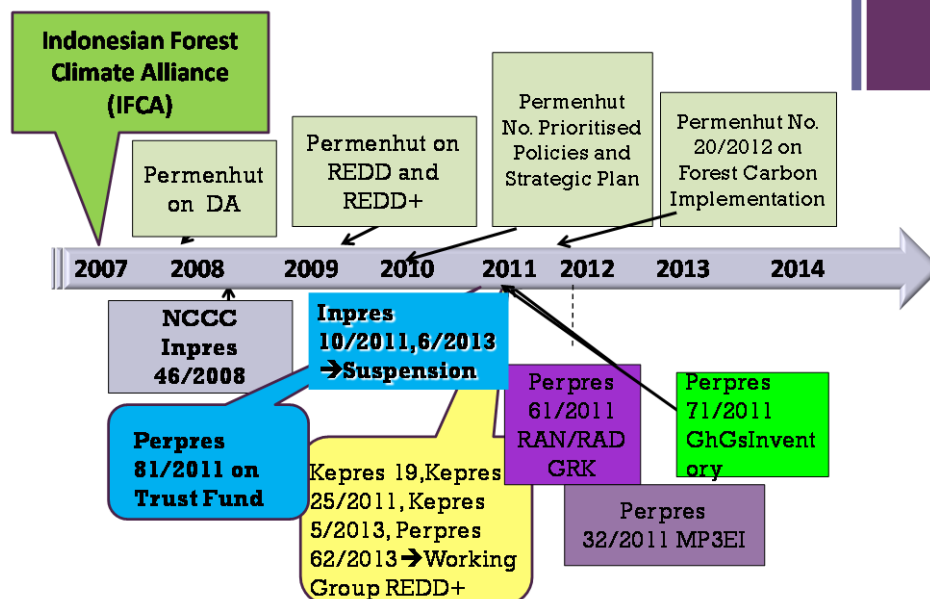


Figure 2. Historical Background of REDD+ in Indonesia

2.1.2 Consultation, Participation, and Outreach

A number of consultation processes have contributed to the development REDD+ policy development. The National REDD+ Strategy is the outcome of a series of national and regional stakeholder consultations undertaken by BAPPENAS. The development of the Forest Investment Plan, which was published by the Ministry of Forestry in 2012, included numerous meetings with stakeholders, stakeholder reviews, and extensive discussions with national and local stakeholders in 2010-2012. The consultations that are part of the SESA process have contributed significantly to the development of the national PRISAI safeguards system. Also, UNREDD supported a consultation process on FPIC.

The National Forestry Council (Dewan Kehutanan Nasional – DKN) is playing a key role in REDD+ consultations, including the SESA process. This Council, established during the Fourth Indonesian Forestry Congress in 1999, represents a national platform for

Figure 1: Outreach Materials Supported by FCPF



multi-stakeholder dialogue and is organized into five chambers: (i) local communities, including indigenous peoples, (ii) private sector; (iii) government, (iv) non-governmental organizations, and (v) academia. DKN finalized a Consultation Protocol in 2012, which will facilitate an inclusive and transparent process in on-going consultations. DKN guidelines for indigenous people and local community engagement are expected to be completed in 2013.

Besides supporting the SESA process, FCPF has carried out numerous capacity building initiatives at the national and subnational levels. Besides workshops and trainings on REDD+, outreach materials in the form of digital and print media (Figure 1) have led to an increased understanding of REDD+ at all levels. This material is accessible at www.fcpfindonesia.org

Private sector has been consulted during the preparation of local-level REDD+ strategies (SRAPs). They have also been heard during the analysis of drivers of deforestation and forest degradation, given the role of some commercial activities in spurring forest loss. Some Demonstration Activities are also led by the Private Sector and those have received guidance from Ministry of Forestry. As the FCPF grant is implemented further, engagement with private sector is expected to be strengthened.

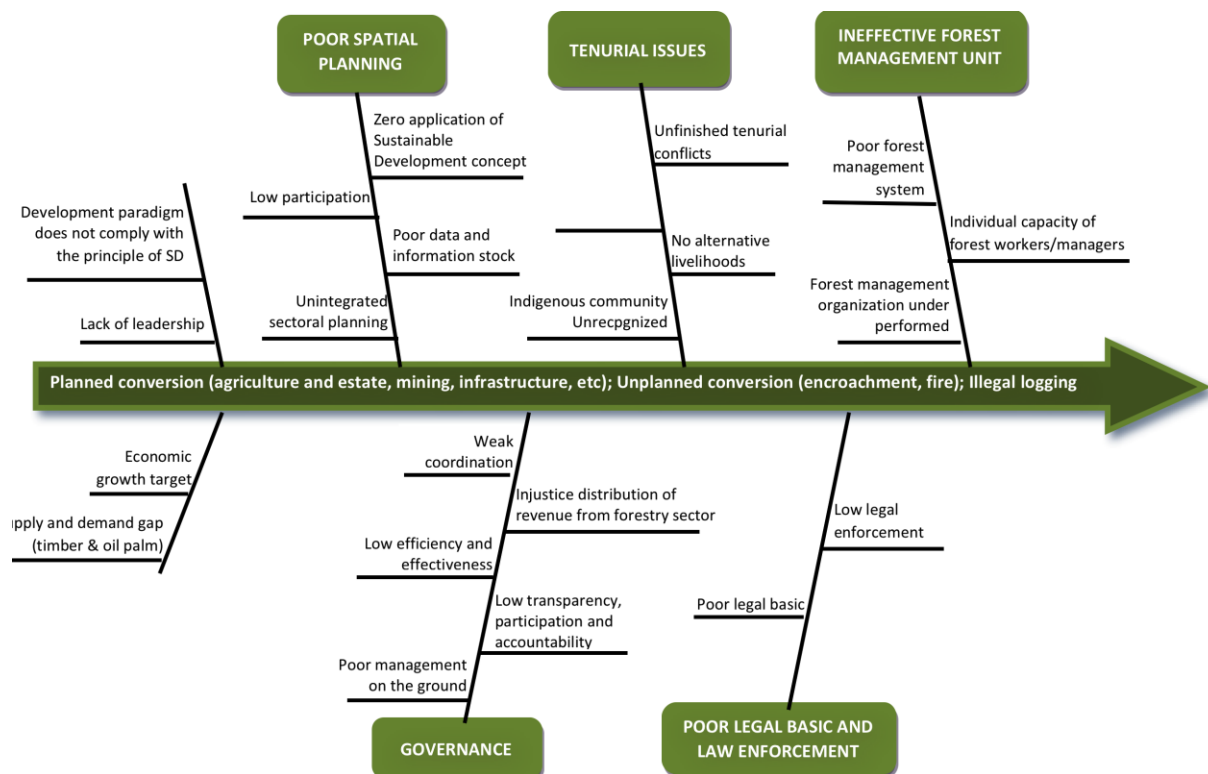
In spite of tangible progress in consultation and outreach, stakeholder capacity at the district level needs to be strengthened further. There is still a gap in understanding concerning REDD+ policy as well as technical aspects of REDD+ between the national and subnational levels. Closing this gap will require further training of extension officers, and more outreach to local communities.

2.2 REDD+ Strategy Preparation

2.2.1 Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance

A public consultation process held by Bappenas in seven regions across Indonesia identified a number of perceived underlying drivers of deforestation and degradation including: ineffective spatial planning and weak tenure; ineffective forest management; and inadequate governance and law enforcement (Figure 2).

Figure 2: Perceived Sources of Deforestation and Forest Degradation



Source: Bappenas regional consultation, 2010, cited in National REDD+ Strategy

Poor spatial planning and weak tenure. Regional Spatial Plan (RTRW) development has been developed, however data accuracy and information, as well as coordination for sustainable sectoral development plans need to be strengthened. Spatial planning with clear status of land ownership, demarcation of state forest land boundaries, recognition of customary and local rights to land and is needed for clarity over land ownership at the local level. This would lead to conflict resolution between different land claimants, and increase investment in long-term sustainable land uses.

Ineffective forest management. Implementation of acceptable forest management practices has been ineffective due to weak institutional capacity at the local level. For example, the government Technical Executing Units (UPT) in charge of conservation areas are underfunded and understaffed. Subnational governments, which are in charge of managing Protection Forests, need to increase their performance well in this role. In addition, decentralized structures for forest management (*Kesatuan Pengelolaan Hutan*, or KPHs) at the district and provincial level are being still created and structured. Meanwhile, responsibility for the management of Production Forest lies largely with concession holders, where the role of government to oversight need to be strengthened.

Inadequate governance and law enforcement. Lack of coordination between institutions providing land use licenses has contributed to overlapping land claims and conflict over the use of forest areas in some areas. Therefore the role of local communities need to be engaged in the licensing process for business enabling environment in the forestry sector.

Overlapping land claims can in part be attributed to lack of clarity in the underlying legal framework, particularly conflicting implications of law No. 41/1999 regarding forestry and law No. 26/2007 regarding spatial arrangement. Furthermore, different sectoral laws, such as those governing forestry, forest plantations, and mining, need to be synchronized. Additionally, regulations and implementation procedures of different government levels need to be aligned, in accordance with agreed principles of human rights or equity. Lack of consideration of local and forest dependent communities and marginalized groups in planning processes has further eroded governance. An complete legal framework combined with law enforcement meant that forest-related violations need to be prosecuted, and penalties.

Poor governance, ineffective spatial planning, poor law enforcement, and a weak tenure framework, would facilitates illegal logging as well as the uncontrolled expansion of competing land uses on forested land, leading to significant adverse environmental and social impacts. (no enough data to support this statement).

2.2.2 REDD+ Strategy Options

Since the UNFCCC COP 13 meeting in Bali in 2007, Indonesia has prioritized climate change planning and action, with the President announcing a commitment to reduce GHG emissions nationwide by at least 26 percent by 2020. National strategies and action plans recognize that land-use change and forestry activities are the main sources of Indonesia's emissions. The GOI begin developing a National Action Plan to Reduce GHG Emissions (*Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca*, or RAN GRK), the umbrella plan to reduce emissions in accordance with Indonesia's 26% / 41% commitment, issued by presidential decree in September 2011 (*Perpres* No. 61/2011).

On 28 October 2011, Bappenas launched by Presidential Decree the RAN GRK, which is a "work plan document for the implementation of activities to reduce greenhouse gas emissions in accordance with national targets". The plan targets six sectors: agriculture, forestry and peatland, energy and transportation, industry, waste management, and other supporting activities. The plan identifies the emissions reduction targets for each sector, activities and objectives within each of these sectors, and identifies the line ministry responsible for each activity. REDD+ is an important component of RAN GRK and six relevant strategies are identified: (i) reduce deforestation and forest degradation to reduce GHG emissions; (ii) increase forest plantation areas to improve GHG absorption; (iii) enhance the protection of forest from fires and illegal logging, and improve Sustainable Forest Management; (iv) improve water and watershed management and stabilize the water levels in peat areas; (v) optimize land and water resources; and (vi) apply land management technology and agricultural cultivation with low emissions and optimal absorption of CO₂. The RAN GRK is implemented by Ministerial level agencies. At sub-national level the RAN GRK is implemented by provincial governments.

The National REDD+ Strategy is aimed to contributing to this goal, by ensuring forests are a net sink by 2030. The Strategy was finalized in early 2012 and launched at the Rio+20 Conference. The Strategy document was officially adopted in September 2012. It consists of five main pillars: (i) Development of REDD+ Agency, MRV institution and Funding instrument; (ii) Legal and regulatory reform; (iii) Paradigm shift and work culture change; (iv) Participatory process; (v) Strategic programs to create changes in the preconditions for effective implementation. The overall objectives of the strategy are: (i) to improve overall forest and land governance as precondition for sustainable forest management; (ii) to implement sustainable forest and land use management; and (iii) to realize the carbon and co-benefits of the sustainable forests and land use system. The Strategy will be implemented in a stage-wise approach, leading toward a complete establishment of all system components toward the end of third year of implementation.

The National REDD+ Action Plan was completed in December 2012. The document contains the elaboration of strategy into actionable steps at the national level. The process of its development is done through interactive and iterative process parallel with the development of the provincial strategy and action plans of the 11 priority provinces. As such, the action plans link the proposed actions at the sub-national level with the national ones. This is especially true with regards to the changes of regulation or the licensing arrangements. The National REDD+ Action Plan is ensured to be supportive of the implementation of the bigger climate agenda which is the RAN-GRK (the national action plan to reduce GHG) that targets the 26-41% overall emission reduction by 2020.

Strategy and Action Plans at Provincial Level (SRAP)) of 11 priority provinces are progressing, with some having advanced more than others. A Strategy Working Group facilitates the development process and provides technical guidance for the substance of the SRAP documents. SRAP development follows an approach that has been agreed to by delegates of the 11 provinces. This approach requires that a SRAP is aligned with the National REDD+ Strategy, is developed through a multi stakeholder process involving district stakeholders, and addresses the three sub-programmatic questions: (i) what are the enabling conditions for the REDD+ program to be implemented; (ii) what are the problems that need to be resolved; (iii) what are benefits for the communities and can they be realized. By the end of February 2013 five provinces had completed and submitted their SRAP to the National REDD+ Task Force: East Kalimantan, West Papua, Jambi, West Sumatra, and Riau. Central Kalimantan and Central Sulawesi had completed their strategies, but still needed to elaborate action plans in alignment with the national action plan. Papua and South Sumatra had completed drafts, which were undergoing public consultation. Aceh and West Kalimantan were still at an early stage of the process.

2.2.3 Implementation Framework

As noted in the National REDD+ Strategy, many of the underlying drivers of deforestation lie outside of the forest sector and state forest land and are related to governance of land, institutional capacity, and regulatory frameworks. Besides REDD+ initiatives, a number of programs and

initiatives, both within the forestry sector and outside, address these underlying issues without being explicitly labelled as REDD+ projects. Some key programs are outlined below.

Forest Management Units

Indonesia's Forest Management Unit (*KesatuanPengelolaanHutan*, or KPH) program is an important emerging institution for improving the management of Indonesia's forests and implementation of its REDD+ framework. KPHs are decentralized structures for forest management and planning at the site level, adapted to local conditions but linked into the National REDD+ Strategy. Ideally, KPHs would be responsible for developing, implementing, and/or overseeing site level forest governance and management; including preparing participatory plans, enforcing forest regulations such as forest fire control and other illegal practices, and negotiating with local communities on issues such as land use rights and forest access. KPHs would be placed under the authority of sub-national governments, increasing the accountability to local stakeholders.

The Forest Estate has been sub-divided into a total of 600 FMUs. Of these, 530 FMUs are in production and protection forest and 70 FMUs in conservation forest. Currently, only 60 so-called "Model FMUs" are receiving support from MoFr through the national budget, with 49 of these having already reached full legal establishment. By the end of 2014, according to the Forest Sector Strategic Plan, a total of 120 Model FMUs are expected to be fully operational. However, it is recognized that this support is far from sufficient, the institutions for administering and managing the FMUs still need to be created and/or strengthened, have their capacity developed, and have their practical, on-the-ground operational experience with multi-stakeholder sustainable forest management built. FMU development is receiving support from a number of donors programs, including through GIZ and the Forest Investment Program (FIP).

Ecosystem Restoration Concessions

In 2007, a government regulation opened up the possibility of allocating Production Forest areas as **Ecosystem Restoration Concessions** (ERCs). ERC licenses can be used to manage production forest areas for multiple benefits, including carbon, water, NTFPs and other ecosystem services, without harvesting, to allow recovery of the ecosystem and a return to productive use over a 20+ year horizon. As recognized in Strategic Program 3 of the National Strategy of REDD+, ERCs have good potential as REDD+ projects in Indonesia. It is estimated that more than 6.5 million hectares may be available for rehabilitation. However, ERCs face a number of challenges that need to be addressed. These include long and complicated licensing processes, as well as a poor framework for the recognition of existing land rights. The latter can lead to adverse social impacts when ERCs are established without adequate social safeguards.

Funding Instrument

The Task Force has made substantial progress in designing a national-level **funding instrument for REDD+ in Indonesia** (FREDDI). The details on institutional arrangements of FREDDI, fund flow, project cycle and reporting requirements, and the project pipeline windows are developed and ready to be presented and discussed with members of the future Board of Trustees. FREDDI is expected to manage and channel international funding for REDD+ in Indonesia, including those funds (US\$ 1 billion) committed by Norway in 2010.

Anti-corruption initiatives

In recent years the GOI has implemented a number of key reforms aimed at fighting corruption at all levels. The adoption of Law 31/1999 on the Eradication of Corruption established two institutions, namely Corruption Eradication Commission (*Komisi Pemberantasan Korupsi*, KPK) and Corruption Court (*Pengadilan Tindak Pidana Korupsi - Tipikor*). These institutions investigate, prosecute and try high-level corruption cases independently of the normal law enforcement and judicial processes and have successfully prosecuted numerous cases of forest-related corruption involving officials at all levels.

Timber legality verification

In May 2011, the GOI pledged to sign a Voluntary Partnership Agreement (VPA) with the EU to ensure that only legally harvested timber is imported into the EU from Indonesia. As part of this initiative, the Ministry of Forestry has launched an improved legality verification system (*Sistem Verifikasi Legalitas Kayu*, or SVLK), which should facilitate law enforcement and reduce the amount of illegal logging.

Recent tenure commitments. At a conference on forest tenure in Lombok in July 2011 the GOI announced its intention to prioritize the needs of its forest communities, to "recognize, respect and protect *Adat* rights," and to tackle the lack of coordination across government agencies in addressing forest tenure policies. At the event, the GOI officially launched a transparent and participative process that would seek the inputs of various stakeholders, including indigenous communities. As a follow-up, Indonesian civil society groups have proposed three domains for reform, namely: (i) Improvement of the policy and acceleration of the process of strengthening forestry zones; (ii) Settlement of forestry conflicts; (iii) Extension of the people's management area and enhancement of the welfare of the traditional community and other local communities.

A 2011 constitutional court ruling (MK45) on the definition of State Forest Land (*Kawasan Hutan*) provides a window for significant acceleration of forest tenure reform. While the previous definition of State Forest Land included areas that had been "designated and/or gazetted" as such, the new definition includes only areas that have been gazetted. While the court ruling is unlikely to affect previous decisions on land allocation, it does create significant space for the negotiation of land use between MoFr, district governments, and local communities on areas of State Forest Land that have not yet been gazetted. Recent analysis indicates that by 2011 only 14.24 million ha had been fully

gazetted¹. As part of its efforts to address tenure issues, MoFr has launched a program to accelerate the gazettal of State Forest Land, to be completed by 2014. To support the gazettal process, spatial planning, and the resolution of tenure issues, MoFr has also recently decreed the establishment of a Working Group for the Preparation of a Macro Forestry Tenure Plan, which includes CSO representatives (SK.199/Menhut II/2012 of May 2012). Most recently, in May 2013, the constitutional court issued a landmark ruling granting use rights of adat forests to local communities.

Access to information. In 2008 GOI issued a Transparency of Public Information Act, Law No. 14/2008, which became effective in 2010. The act obliges public agencies to provide and publish public information under their authority. The Ministry of Forestry endorsed the act in 2011 with an implementing regulation.

As described above, significant progress is being achieved in many areas of governance, as well as in issues related specifically to REDD+ implementation; however, much remains to be done in these areas. Some **key gaps** that need to be filled are as follows:

- The enabling climate for REDD+ investment needs to be improved. This includes:
 - Clarifying the rules for implementing REDD+ activities in the field, including compensation and benefit sharing mechanisms
 - Clarifying the roles and rights of local communities and other stakeholders in REDD+ schemes
 - Reducing inefficiencies in licensing processes, including ERC licenses and carbon licenses, and reducing other administrative hurdles
 - Further addressing the issue of overlapping land claims, including recent decision on customary lands
- To strengthen management of forest and peat areas and to provide local level REDD+ management capacity, the program on Forest Management Units (KPH) needs to be expedited and strengthened.

2.2.4 Social and Environmental Impacts

The development of REDD+ safeguards in Indonesia is proceeding through two main initiatives that both started in early 2011 and are running in parallel. The REDD+ Task Force is developing Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI), consisting of 10 environmental and social safeguard principles. Concurrently, MoFr with the support of FCPF, is developing a SESA and ESMF as well as a Safeguards Information System for REDD+ (SIS, see section 2.4.2). The two initiatives serve different purposes, but have the potential to be integrated.

¹Rencana Kehutanan Tingkat Nasional (RKTN). Ministry of Forestry 2011.

PRISAI's Social and Environmental Safeguards Principles

1. Clarifying the rights to land and territory
2. Complementing or consistent with national emissions reduction target
3. Improving governance in the forestry sector
4. Respecting and empowering the knowledge and rights of indigenous peoples and local communities
5. Effective and full participation of multi stakeholders and paying attention to gender justice
6. Strengthening forest conservation, biodiversity, and ecosystem services
7. Addressing reversals
8. Reducing replacement of emissions
9. Equitable benefit-sharing
10. Guaranteeing transparent, accountable, and institutionalized information

The draft PRISAI policy combines the original seven Cancun principles with three additional principles that were derived from a series of national and regional consultations. In addition, PRISAI includes fiduciary principles that address corruption, efficiency, accountability and transparency. PRISAI has been developed through a bottom-up manner with involvement of key stakeholders at the national and provincial levels. Operational guidelines for PRISAI are currently being developed and tested on the ground at existing project sites.

The SESA process is still at an early stage, but is increasingly involved in strategic issues. There is on-going discussion on how to make the best use of SESA process in REDD+ readiness activities, including its potential role relating to SIS-REDD+ development. SESA is currently supporting the on-going

consultation process of PRISAI, to elaborate of operational safeguards guidelines. The SESA process is led by National Forest Council (DKN) – an independent body with institutionalized representation from different stakeholder groups. SESA has been aligned with DKNs public consultation protocol and will proceed with community engagement in Maluku and Nusa Tenggara.

There are also a number of existing policies that are related to safeguards in Indonesia, including: Environmental Impact Assessment (AMDAL), Strategic Environmental Assessment (KLHS), Sustainable Management of Production Forest (PHPL), SFM Certification (LEI, FSC), System for Verification of Timber Legality (SVLK), High Conservation Value Forest (HCVF), and legislation related to environmental management, and biodiversity conservation.

Remaining gaps are as follows:

- Various safeguards initiatives need to be integrated to make them operational and monitorable. This will require further policy dialogue at the national and subnational levels to develop supporting regulations
- Project sponsors need increased guidance and capacity development to implement safeguards approaches
- Safeguards approaches need to be pilot tested within the SESA framework and lessons need to be integrated into the ESMF
- Safeguard approaches need to be integrated into subnational REDD+ systems.

- The capacity of KPHs to implement safeguards needs to be increased.
- A legal framework for applying safeguards for REDD+ developers needs to be put in place.

2.3 Reference Emissions Level/Reference Level (REL/RL)

Significant progress has been made in developing a national Reference Emission Level, but some need for improvement and further development remains. The Ministry of Forestry has established a robust methodology and extensive products quantifying Indonesia's forest resources. Data sets document land cover and land use from 1990 to the present and can be used to quantify land dynamics across Indonesia. Further, the REDD+ Task Force has developed draft RELs for 11 provinces (these have not been officially adopted and the work still needs to be harmonized with the RAN-GRK and RAD-GRK). Another positive development is what is generally referred to as the "One Map" effort. This effort to synergize the maps used by the different agencies will help improve the quality of data and the efficiency in data gathering and reporting. Additionally GoI is working on a national cadastre and is continuing with forest gazettelement which will help identify the exact forest boundaries.

The REDD+ Task Force has held a number of discussions on Indonesia's deforestation rate and REL. A roundtable discussion held in February 2013 on the methodology for calculating deforestation rates resulted in recommendations on how to improve reporting, robustness and transparency:

- Data and analysis should be refined to enhance product quality and consistency, including the adoption of more precise definitions of terminology to avoid ambiguity in interpreting results.
- Currently Landsat imagery is the primary data source but other types of inputs, such as optical, radar, and Lidar data, should be explored also. Also, the use of ancillary data sets, such as high spatial resolution data and field data to validate current products is encouraged.
- Additional products such as a deforestation alert system should be added to the MOF's product suite. The Brazilian Space Agency's suite of forest monitoring products could be used as a model.
- Forest dynamics should be mapped through time in a spatially explicit manner to derive summary figures on land deforestation dynamics. These results should be posted on a publicly accessible website.

A key finding from the FCPF Midterm Review meeting was that, while the current national-level REL data is complete and provides an accurate large-scale view, it is not yet detailed enough for sub-national implementation. Thus, moving forward, a key challenge will be to continue with sub-national data collection and to integrate the results into the national system, including the data from Demonstration Activities and REDD+ projects.

2.4 Monitoring System for Forests and Safeguards (MRV)

2.4.1 National Forest Monitoring System

An MRV design document has been prepared, and is under consultation with other stakeholders. The system will rely on the existing forest inventory and carbon accounting system. The Ministry of Forestry has led a series of capacity building activities on MRV at the national and sub-national levels, in addition to leading the establishment of almost 100 permanent sample plots throughout the country.

The vision of the national MRV system is to become a national system, which is consistent, transparent, complete, accurate, participatory and adaptive. The purpose of the National MRV system is to support the National REDD+ Strategy and the RAN-GRK, while complying with UNFCCC standards (including on reporting co-benefits and safeguards). The MRV system will measure the performance of all REDD+ activities, and encompass Nationally Appropriate Mitigation Actions (NAMAs) in the sectors of Agriculture, Forestry and Land Use (AFOLU). The national MRV system is expected to be able to also monitor emissions from peatlands, given its overall importance. Monitoring of national deforestation will be done with high frequency (approaching real-time) data, to identify areas with high levels of unplanned deforestation. National level monitoring and reporting will cover the dynamics of deforestation, degradation and emissions. This will be supported by forest inventory data, as well as through public feedback. At the subnational level, this will be augmented by an enhance forest inventory program.

While the progress made thus far has been important, much remains to be done, especially at the subnational level. The framework for enabling forest monitoring at the district level still needs to be developed and funded. Currently there are no regulations in place mandating district governments to carry out forest inventories, and there is no regular source of funding for this activity. Many regions will also need capacity building.

Several Standard Indonesia National (SNI) for measuring and monitoring forest carbon have been introduced by Ministry of Forestry including:

- SNI 7725 Year 2011 Development of allometric equations for estimating forest carbon stocks based on field measurement (*ground based forest carbon accounting*)
- SNI 7724 Year 2011 Measurement and Carbon Stock Accounting-Field Measurement to measure forest carbon stock.
- SNI 7848 Year 2013 Demonstration Activities for REDD+

2.4.2 Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

The Ministry of Forestry is developing a system for providing information on how safeguards are addressed and respected. The National Safeguards Information System (NIS) builds on existing safeguards systems and is currently being tested in Central Kalimantan and East Kalimantan provinces. A web-based information system is under development and the SESA process is addressing the integration of the NIS and PRISAI.

Successful NIS-REDD+ development and implementation will require the following activities:

- Continued testing of the PCI in NIS-REDD+ to assess how the 7 safeguards of COP-16 decision are addressed and respected in REDD+ activities in Indonesia
- Finalization of web-based NIS-REDD+ at the national level and two/three provinces (linked to national level) as the models.
- Continued discussion on aligning PRISAI and NIS REDD+
- Intensification of outreach efforts, including participative evaluation
- Support for the operationalization of NIS REDD+ by providing practical guidance at various levels.
- Continued policy dialogue to integrate various initiatives and to make the system operational, including putting in place a legal umbrella for the system.

3. Analysis of progress achieved in activities funded by the FCPF Readiness Preparation Grant

3.1. Grant Objective and Expected Results

The FCPF **Grant Objective** is to support selected REDD+ analytical work, help support REDD+ readiness processes, contribute to the discussion of Reference Emission Levels, and assist in the effort of regional data collection and capacity building. The **main expected results** of the Readiness Preparation Grant are as follows:

- 1) Improved understanding and awareness of drivers of deforestation and degradation and of strategies to address them; assessment of priority investment options to reduce deforestation and forest degradation; assessment of activities within the country that result in reduced emissions and increased removals, and stabilization of forest carbon stocks; and improved understanding of the status, gaps and capacity building needs for the implementation of national REDD+ policy.
- 2) Contributions to the establishment of a REDD+ management framework at a national level; assessment of existing REDD+ regulations; and capacity building of REDD+ related institutions; consultation and outreach leading to increased awareness and ownership of the readiness process; strengthened capacity of stakeholders, including indigenous peoples, to participate in policy development processes; and an Environmental and Social Management Framework focussing on the activities financed under the present Grant.
- 3) Contribution to the discussion of a national reference scenario for emissions from deforestation and forest degradation prepared, taking into account the national accounting with sub-national implementation framework; improved understanding of terrestrial carbon cycles of different land uses; availability of a time series analysis of the primary social economic and policy aspects of land use change; Contribution to the establishment of a system of Permanent Sample Plots (PSPs) leading to an increased certainty in GHGs estimates from REDD+ in various forest types in selected areas.
- 4) New data on REDD+ potential in selected provinces generated; increased capacity to set up REDD+ frameworks and implement REDD+ programs in selected subnational locations (locations : West Sumatra, South Sumatra, East Java, South Kalimantan, West Papua, Papua, South Sulawesi, North Sulawesi, Maluku, Musi Rawas District-South Sumatera, NAD). The Ministry of Forestry selected these regions based on support from the respective sub national governments for REDD+ and the locations of potentially relevant demonstration activities.

3.2. Overall progress from June 2011 to June 2013 with regards to achieving Grant Objectives

Comments on the outcomes achieved from June 2011 to June 2013

Component 1: Analytical work

Activities	Target Output	Results
1.1 Analyze drivers of deforestation from a development perspective, land use demands, and demographic development	Synthesis of available assessments and studies on deforestation in Indonesia with specific focus on future land use demands and demographic development	The assessment study is on-going, the study seeks to reveal the quantitative causalities of tree cover changes at district level for finding local solutions, policy level and interventions to reduce deforestation and forest degradation. The theoretical framework highlights the multiple scales and processes of tree cover losses, differentiates between agents and underlying drivers. As next steps the study will be widely disseminated and data should be made available to other research bodies.
1.2 Screen options for priority investments to reduce deforestation and forest degradation including a trade-off assessment	Compilation of options for main investment types to reduce drivers of deforestation based on existing program proposals, discussion of pros and cons and possible risks and impacts	<p>Completed. Analytical review conducted where five priorities intervention identified at the national level:</p> <ol style="list-style-type: none"> 1) Forest Ecosystem Restoration 2) Forest and Land Rehabilitation activities 3) Encroachment control 4) Development of Community Forest 5) Prevention of forest conversion. <p>Intervention no 1) and 4) considered to be the most cost effective.</p>
1.3 Identify activities within the country that result in reduced emissions and increased removals, and stabilization of forest carbon stocks	Discussion of options (policies and investments) for mitigation actions	Priority activities is different between sub-national and national level, depending on availability of local carbon potential. Priority emission reduction in South Sumatra can be concentrated on the Forest Ecosystem Restoration, prevention of forest conversion and plantation development. In East Java priority emission reduction activities can be concentrated on plantation management and prevention of forest conversion. The

Activities	Target Output	Results
		<p>emissions reduction priorities in Papua can be concentrated on plantation development, prevention of forest conversion and implementation of Reduced Impact Logging (RIL).</p> <p>Based on the results of this study the Indonesian government needs to consider several emission-based reduction policies, namely: sub-national priority activities not be generalized according to a national approach, the focus should be chosen on the performance of emission reduction / enhancement of carbon stock at a low cost, and the government needs to sharpen the role and engagement of the community for emissions reduction activities. Coverage: East Java, South Sumatera, and Papua.</p>
1.4 Rapid situational analysis concerning REDD policy in the country	Progress report on REDD+ activities in Indonesia (compilation of studies, initiatives and actions under way that would lead to readiness)	This assessment was done in a participatory manner during the inception phase, to validate the FCPF activities. It is now undertaken again during the Mid Term Report

Component 2: Management of readiness process

<p>2.1 Institutional setting and legal framework for REDD implementation:</p> <p><i>- Stakeholder process to review existing regulatory framework (e.g. Permenhut P. 68/2008, P.30/2009, P. 36/2009) to discuss options and suggestions to be considered key stakeholder, specifically by Ministry of Forestry, Ministry of Finance and REDD+ agency.</i></p>	<p>Gaps in regulatory framework for REDD+ assessed and options for improvement identified.</p>	<p>National workshops discussed the existing gap of regulation that could further follow up in the context of REDD+ agency establishment, financing, benefit sharing and local institutional framework. It concluded the needs to refer to the existing regulation and to focus on a more comprehensive measures based on the integrated action plan formulated by central and local government. Additional financing can be further used to make the identified action plan to become</p>
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<p>- Provide support to REDD+ Working Group public consultations and meetings. The working group consisting of private sector, government, and community creating acceptable management plan, conflict resolution and funding mechanism.</p> <p>- Develop guidance for effective engagement of indigenous people and local communities at a subnational level (Location: South Kalimantan, South Sumatra (MusiRawas), Maluku, NAD, West Papua)</p>		<p>operational.</p> <p>DKN guidelines for indigenous people and local community engagement is expected to be completed this year</p> <p>REDD+ Working Group has been established in Maluku as a follow up from the series of workshop. The institutional arrangement of this Working Group will be soon stipulated under the Governor decree.</p>
<p>2.2 Capacity building of institutions and stakeholders involved in the implementation of REDD activities: Training of trainers (ToT) on carbon accounting and monitoring (ground check and spatial data analysis) at national and sub national levels. Location: West Sumatra, East Kalimantan, South Kalimantan, Maluku, NAD, West Papua, East Java, North Sulawesi, West Nusa Tenggara, South Sumatra, and Maluku.</p>	Capacity of REDD+ related institutions strengthened	<p>Trainings on REL, MRV system and Emissions Factor attended by participants from national, provincial and district level. Training Needs Assessment document is produced. Local universities agreed to incorporate carbon accounting and monitoring as part of their curriculum, and further develop a methodology based on the local characteristic.</p>
<p>2.3 Prepare a quick assessment of Revenue sharing options in the international context, assess existing proposals in Indonesia and convene a stakeholder process to provide inputs to Ministry of Finance and the REDD+ Task Force to prepare guidelines or resolutions on the REDD+ revenue sharing process.</p>	Compilation of Options for REDD+ Revenue sharing mechanisms, pros and cons, and lessons learned from international experiences relevant for Indonesia	<p>A study was prepared on benefit sharing options focusing on the central role of communities in relation to their land rights and access to forest land for meeting REDD+ objective. Potential follow up activity with Ministry of Finance targeted at intergovernmental transfers. These activities will commence in FY14 in close cooperation with the FORDA, MoFinance and the future REDD+ Agency.</p>
<p>2.4 Consultation and Outreach:</p>	REDD+ ownership strengthened; awareness and capacities of all REDD+ actors improved	<p>Workshops and Focus group Discussions have been conducted targeting key REDD+stakeholders on various Readiness topic.</p> <p>Various publications made available: Brief</p>

		<p>info, activities report, meeting proceedings, flyers.</p> <p>Available at: www.fcpfindonesia.org</p>
2.5 Management of data, lessons, and funding partner coordination, including periodic review of demonstration activities	Information on Demonstration Activities updated and available in database.	<p>Gap identification to establishment of Demonstration Activity was discussed and reviewed by the local REDD+ Working Group. The workshops presented the key component of the latest REDD+ development agenda and conducted stocktaking on the local challenges on REDD+ implementation. Coverage: South Sumatra and West Papua.</p> <p>Demonstration activities status and lesson learned from the DAs on the institutional challenges have been synthesized and disseminated.</p>
2.6 Strategic Environmental and Social Assessment (SESA) and ESMF of limited scope	Ways for addressing key social and environmental considerations associated with REDD+ are transparently discussed	<p>DKN has promoted multi-stakeholder public consultations on REDD+ policies in general.</p> <p>DKN has produced consultation protocols for policy discussions on REDD+</p> <p>The SESA process also has facilitated the understanding of the PRISAI framework for safeguards, currently under development by the REDD+ Task Force.</p> <p>Further discussion across stakeholders is needed to increase the understanding on the Safeguards Information System (SIS) being designed by the Ministry of Forestry. So far, discussions on the SIS happened at the national and in Central Kalimantan.</p> <p>As the country safeguards approach toward REDD+ is evolving the Ministry of Forestry also developing a National Safeguards Information System (SIS) as mandated by the</p>

		<p>Cancun agreement. The SESA process now also accommodates the integration and dialogue between the two initiatives (SIS and PRISAI), to permit to agree to a common approach on safeguards for REDD+ initiatives at local, regional and national level. . As the two systems are at the development stage and seeking further legal umbrella to become operational, the immediate next steps for the SESA process is to facilitate how those initiative can complement each other.</p>
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Component 3: Reference Emissions Level (REL) and Measurement, Reporting and Verification (MRV)

3.1 Analysis and possible mapping of nature and effect of land use on terrestrial carbon cycles.	Information on terrestrial carbon cycles of different land uses	To be prepared
3.2 Development of a time series analysis of the primary social economic and policy aspects of land use change.	Time series information on social economic and policy aspects of LUC.	GIS analysis on forest cover changes from 1990-2011 in three provinces (South Sumatera, East Java and Papua) was prepared. This analysis included the review of economic, social and cultural drivers for land use change in those three provinces. The analysis can potentially feed into the study 1.1 on the drivers of tree cover change.
3.3 Establishment of permanent sample plots (PSPs) for ground-based forest carbon monitoring (for estimating forest-related GHGs emissions by sources and removals by sinks, and monitoring forest carbon stock changes). Workshop for monitoring and reporting Permanent Sample Plots to discuss future maintenance for forest monitoring and	Increased certainty in GHGs estimates from reduced emissions and increased removals, and stabilization of forest carbon stocks.	PSP research was conducted in several primary and secondary forest in Maluku, West Sumatera, South Sumatera, North Sumatera, West Nusa Tenggara and Manado. In total there has been 96 PSP established. Biomass and carbon stock

<p>reporting integrated with provincial strategy for emission reduction target.</p> <p>Location: West Sumatra. South Sumatra, Wst Nusa Tenggara, North Sulawesi dan Maluku.</p>		<p>database has been produced from those researches. The research result will support the national MRV system development.</p> <p>FCPF has been supporting local institutional capacity on the methodological and technical aspect of carbon stock measurement.</p> <p>MRV Workshops conducted in West Sumatera, South Sumatra, West Nusa Tenggara, and Maluku to improve the understanding of MRV design development, highlighting the technical gap, identifying the local institutional needs in developing sub-national MRV, contributing to the Provincial Action Plan process and identifying the mechanism option linking to the national MRV design.</p> <p>Methodological of REL accounting has been presented and incorporated as an input in the process of developing Provincial Action Plan on GHG Emission (RAD-GRK).</p>
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Component 4: Regional Data Collection and Capacity Building

<p>4.1 Facilitate the development of REDD+ readiness at subnational level:</p> <p>- <i>Capacity building and studies on how to set up REDD+ framework at selected area (locations : South Kalimantan, West Papua, South Sulawesi, MusiRawas</i></p>	<p>The targetted districts have sufficient capacity to prepare for REDD+</p>	<p>REDD+ strategy preparation action plan has been formulated on three provinces East Java (Meru Betiri National Park, Jember, East Java), South Sumatera (Musi Rawas) and South Kalimantan. Jember has</p>
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<p><i>District-South Sumatera, NAD).</i></p> <ul style="list-style-type: none"> - <i>Developing socio-economic and biophysical studies to support baseline work to strengthen KPH implementation. Location East Kalimantan, West Nusa Tenggara, Maluku, Sulawesi.</i> - <i>Discuss Environmental and Social Management Framework (ESMF) and monitoring the implementation with stakeholders in subnational Demonstration Activities</i> 		<p>shown the most progress, from institutional arrangement to carbon market strategy options.</p>
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3. Review of Indonesia's compliance with the Common Approach

The Common Approach centers on the use of a strategic environmental and social assessment (SESA), particularly in relation to the upstream development of a country's REDD+ strategy. SESA was designed to help ensure compliance with relevant safeguards by integrating key environmental and social considerations covered by the relevant safeguard policies and procedures at the earliest stage of decision-making. It is also meant to create a platform for the participation of key stakeholders, including Indigenous Peoples and local communities that depend on forest resources, in the Readiness Preparation process. SESA has as a key output the preparation of an environmental and social management framework (ESMF). The ESMF is a framework for managing and mitigating the environmental and social risks and impacts of future investments (projects, activities, and/or policies and regulations) associated with implementing a country's REDD+ strategy. The ESMF provides a direct link to the relevant safeguard standards.

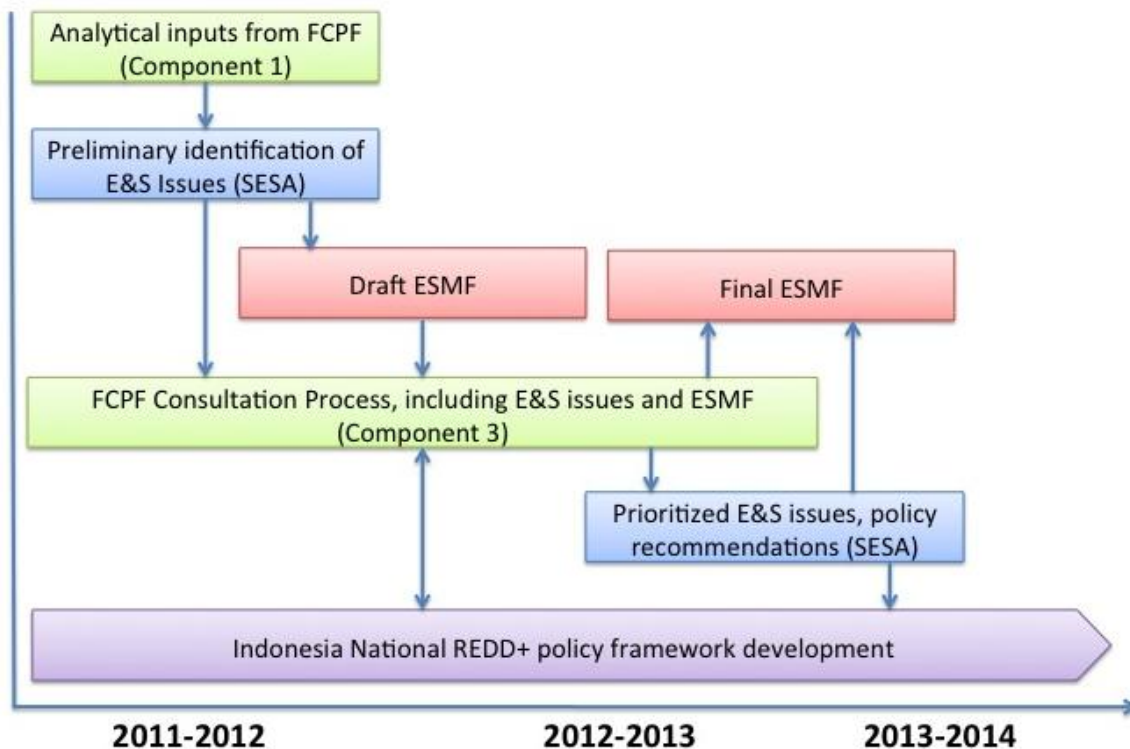
The SESA is a tool that seeks to integrate social and environmental considerations into policy-making processes, leading to sustainable REDD+ policies. SESA in the FCPF Readiness Mechanism phase should inform the design of the national REDD+ policy framework, including the National REDD+ Strategy.

SESA also facilitates a participatory process in which various alternatives for policy design, implementation, and monitoring and evaluation can be assessed and prioritized by key stakeholders in light of these key issues.

The SESA concept combines analytical work with participatory approaches, which are implemented in parallel fashion:

- The analytical component aims to improve understanding of REDD+ related environmental and social risks.
- Participatory approaches aim to integrate environmental and social considerations into different levels of strategic decision-making

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



The Indonesian REDD+ process was already relatively advanced by the time that SESA implementation began and SESA's role evolved to fill gaps in existing consultation and safeguards processes. During the R-PP preparation phase, stakeholder consultations on the REDD+ strategy and its implementation were organized at the national and sub-national levels. This process served as a preliminary step to identify environmental and social issues raised by stakeholders. The National REDD+ Strategy was the outcome of a series of national and regional stakeholder consultations undertaken by BAPPENAS. SESA then became an important tool for advancing a policy dialogue on various REDD+ safeguards processes, with the National Forestry Council (DKN) playing a key role. The SESA process will continue to be implemented through DKN and will result in an Environmental and Social Management Framework that will be fully owned by the Government. The ESMF is expected to function as a sort of implementation manual for the national-level social and environmental safeguards for REDD+ implementation. It is expected to be completed in a participatory fashion by the end of 2014.

It is also important to recognize that national safeguards development has proceeded rapidly on several fronts as well. The REDD+ Task Force is developing Principles, Criteria and Indicators for REDD+ Safeguards in Indonesia (PRISAI), while the Ministry of Forestry, is developing a Safeguards Information System for REDD+ (SIS, see section 2.4.2). The consultations that are part of the SESA process have contributed significantly to the development of the national PRISAI safeguards system and there is on-going discussion on how to make the best use of the SESA process in safeguards development going forward.

Annexes

- LIST OF STAKEHOLDERS PRESENT AT MTR MEETING
- RESULTS FROM FOCUS GROUP DISCUSSIONS

Participants

**The First Multi Stakeholders Meeting on Current Status Of REDD+
Hotel Santika, 24th of May 2013**

No	Nama	Instansi
1	Irena A	East Java Provincial Forestry Service
2	Delon M	The Nature Conservancy
3	Sutedja	Bureau of Planning, Secretariat General Ministry of Forestry
4	DedenDjaenudin	Researcher, Center for Climate Change and Policy Research and Development
5	Niken S	Researcher, Center for Climate Change and Policy Research and Development
6	Subarudi	Researcher, Center for Climate Change and Policy Research and Development
7	I Wayan S. Dharmawan	Researcher, Center For Conservation and Rehabilitation Research and Development
8	RetnoMaryani	Researcher, Center for Climate Change and Policy Research and Development
9	EvinaUtami	Interpreter/ Aksanisari
10	Ruth Alicia	Interpreter/ Aksanisari
11	Bayu NS	Interpreter/ Aksanisari
12	Yhuda L	Interpreter/ Aksanisari
13	Fentie S	Researcher, Center for Climate Change and Policy Research and Development
14	SulistyaEkawati	Researcher, Center for Climate Change and

No	Nama	Instansi
		Policy Research and Development
15	AgusKastanya	University of Pattimura, Ambon, Maluku
16	ZulfikarMardiyadi	State University of Papua
17	Mubariq Ahmad	WB ISD
18	RuswinRustam	West Sumatera Provincial Forestry Service
19	RainalDaus	West Sumatera REDD+ Working Group
20	DikiKurniawan	KKI-WARSI
21	Emile Jurgens	World Bank
22	Tony Diogo	USAID
23	Azis Khan	WB
24	Sidik M.S	Sumitomo
25	Virni Budi A	Researcher, Center for Climate Change and Policy Research and Development
26	Eddy Sudirman	The Association of Indonesia Forest Concession Holders
27	BambangNoer	The Association of Indonesia Forest Concession Holders
28	Anton E.S	Directorate of Utilization of Environmental Services and Protected Forest
29	Abdul Hakim	West Nusa Tenggara Provincial Forestry Service
30	Haruni K	Researcher, Center For Conservation and Rehabilitation Research and Development
31	Mega Lugina	Researcher, Center for Climate Change and Policy Research and Development
32	Joyce Pathoora	North Sulawesi Provincial Forestry service
33	Werner Kornexl	World Bank
34	NoviaWidyaningtyas	Center of Standardization and Environment,

No	Nama	Instansi
		Ministry of Forestry
35	Zulfikhar	South Sumatera Provincial Forestry Service
36	AndiPramaria	West Nusa Tenggara Provincial Forestry Service
37	Herti WR	Center for Forestry Regional Planning II
38	IgapTrisnajaya	ICEL
39	Guntur C Prabowo	World Bank
40	YettiRusli	Senior Advisor, Ministry of Forestry
41	Arief M	Indonesian Wood Panel Association (APKINDo)
42	SinggihRiphat	Ministry of Finance
43	Sri Lestari I	Directorate General of Forest Protection and Nature Conservation
44	M. Ridwan	CER Indonesia
45	Ronny Loppies	Maluku REDD+ working Group
46	Mira Lee	Korean Embassy
47	Sulistyo A. Siran	IAFCP
48	Ruandhaa S	Directorate General of Forestry Planning , Ministry of Forestry
49	Khaerul	State Owned Forestry Enterprise
50	CRM H Purnamasari	Perhutani
51	AlpiusPatanan	Central Kalimantan Provincial forestry service
52	Fajar Tri Y	State Owned Forestry Enterprise
53	EnikEkoWati	Secretariat of Forda
54	Sehu Lee	Korean Embassy
55	Nyoman Y	Center for Forestry Regional Planning III
56	GalihKartikasari	Center for Climate Change and Policy Research and Development

No	Nama	Instansi
57	M. Rayan	Forclime
58	NurMasripatin	Center of Standardization and Environment, Ministry of Forestry
59	Kirsfianti L. Ginoga	Center for Climate Change and Policy Research and Development
60	Doddy S	National Council on Climate Change
61	Achymad P	Center for Climate Change and Policy Research and Development
62	Alfiddin	Center for Climate Change and Policy Research and Development
63	Radian Bagiono	Center of Standardization and Environment, Ministry of Forestry
64	YudhaListya	Interpreter/ Aksanisari
65	Windsol	Center of Standardization and Environment, Ministry of Forestry
66	Haryo P	Center of Standardization and Environment, Ministry of Forestry
67	WahyuningHanurawati	Center for Climate Change and Policy Research and Development
68	UlfahZulFarisa	National Council on Climate Change
69	E. AgusMahdar	Center for Climate Change and Policy Research and Development
70	Untung F	Center for Climate Change and Policy Research and Development
71	M. Farid	National Council on Climate Change
72	Jonny Holbert P	Center for Climate Change and Policy Research and Development
73	M. Miftahyudin	Center for Climate Change and Policy

No	Nama	Instansi
		Research and Development
74	Bambang	Center For Conservation and Rehabilitation Research and Development
75	Raha	Secretariat FORDA
76	ImanSantoso	DG FORDA
77	Suratman	FCPF
78	Epon S	FCPF
79	Ratih	Ministry of Forestry
80	Ellis R	Center for Climate Change and Policy Research and Development
81	Tri Pujiastuti A	FCPF
82	IsmayadiSamsudien	Researcher, Center for Climate Change and Policy Research and Development
83	A. Syaffari	Center for Forest Productivity Improvement Research and Development
84	Mira Yulianti	Center for Forest Productivity Improvement Research and Development
85	Yanyan	Center for Forest Productivity Improvement Research and Development
86	Budi Rustam	Center for Forest Productivity Improvement Research and Development
87	WiwiNurhayati	Center for Forest Productivity Improvement Research and Development
88	AriePrasetyowati	Center for Forest Productivity Improvement Research and Development
89	Dana A	Secretariat of Forda
90	YoyokSigit	Center for Climate Change and Policy Research and Development

No	Nama	Instansi
91	Reni	Ministry of Forestry
92	RM. Mulyadin	Center for Climate Change and Policy Research and Development
93	Kuncoro A	Researcher, Center for Climate Change and Policy Research and Development
94	YuliRahmawati	Center for Climate Change and Policy Research and Development
95	Ace Rochbani	Secretariat of Forda
96	Daryadi	Ministry of Forestry
97	Krisno DR	Researcher, Center for Climate Change and Policy Research and Development
98	Leni W	Center for Climate Change and Policy Research and Development
99	Tufi A	Center for Climate Change and Policy Research and Development
100	AgusPurwanto	Center for Climate Change and Policy Research and Development

RESULTS FROM FOCUS GROUP DISCUSSIONS

Group “Governance”

REDD+ READINESS RELATED TO GOVERNANCE

Facilitator: Dr. Azis Khan

Participants:

- Mubariq Ahmad (WB)
- Abdul Hakim (NTB)
- Lee Mira (Korea Embassy)
- Sutedja (FORCLAIM)
- Ridwan (CER)
- Werner Kornexl
- I NyomanYuliarsa (PUSDAL)
- Sehu Lee

Minute-takers

- EkaSulistyawati
- Nikensakutnaladewi

KEY POINTS FROM FGD

A. PROGRESS

- The Taskforce developed National Strategies, REDD+ National Action Plan, and provincial strategies and action plans (7 of 11 priority provinces).
- This activity involved various stakeholders from the National Government, Provincial Governments, District Governments, NGOs, Universities and Communities.
- Outreach and communication took place to achieve transparency through: websites, printed media, workshops, training, and other modes of socialization.
- Capacity building was provided through syllabus production, training (MRV, REL)
- Policy interventions were made through discussions, promoting the production of Governor Regulations (e.g. in Maluku)

- Upon its entry into the Ministry of Forestry (MOFr), the FCPF program has helped narrow gaps between the National Government and Local Governments, and supported MOFr's major programs.
- FCPF has increased capacity at all levels despite some differences of understanding among stakeholders about REDD+
- Overall, FCPF has benefited cooperation between stakeholders at various levels.

B. ISSUES/GAPS

- Technical terms in REDD+ are little understood.
- The National Government, Local Governments, NGOs and communities have different perceptions about REDD.
- No award has been provided by the national government for local activities in reducing emissions from forest degradation.
- No clear regulations have been issued on benefit sharing (on what it is based) particularly related to rights-based compensation for 'carbon credit'.
- There have been gaps in REDD+ implementation at the local level because REDD+ is related to technical issues while BAPPEDA plays a coordinating role.
- Many DA licensing problems have been encountered. More DA activities have been carried out in conservation areas.
- There has been a conflict between the Ministry of Finance (MOF) and MOFr over budgeting mechanisms already addressed at the national level but not addressed yet at the local level. Local KPPN offices follow up regulations from both ministries in a different way.
- There have been inefficient and inconsistent procedures for licensing because there are some licenses for a forest area (Community Forestry License, Carbon License).
- Carbon utilization has been expensive for administration, which is difficult to apply on a community scale.
- Community engagement in REDD+ implementation in the field has been uncertain. How REDD+ is implemented in the field has been unclear (it has not been clear who applies for it, who implements it, who initiates it, and what rules of the game they use)
- Local REDD+ implementation has been dependent heavily on external funds because governments seem to have a weak financial commitment. This condition will threaten the sustainability of REDD+ activities (e.g. PSP).
- There have been difficulties with technical implementation due to changing standards.

C. SUGGESTIONS (FURTHER CONTRIBUTIONS FROM FCPF)

- MOFr should remain to act as lead-agency in implementing FCPF activities.

- Activities should be rearranged to address major issues (corruption, KPH, boundaries, RAN GRK support, promotion of private sector engagement, licensing) and policy works, particularly to prepare enabling and debottlenecking conditions, e.g. addressing MOFr's over-regulation related to licensing.
- Related to the above rearrangement, it is necessary to explore the possibility of revising the rules of the game among components under the executing agencies (Puspijak, Pustanling, DKN, WB).
- FCPF should ensure that REDD+ issues are addressed by local technical institutions rather than by the planning agency (BAPPEDA). This is because the local planning coordination is not functioning well.
- Improve local stakeholders' capability of reducing gaps in understanding REDD.
 - Provide outreach to counselors using easy-to-understand language. Then, they should provide outreach to the community.
 - Because some local stakeholders are not accustomed to the electronic media (website, email, etc.), information should be disseminated through the print media.
- Strengthen the mechanism for REDD+ compensation because MOFr has not formulated the most suitable compensation scheme. This activity may be carried out through a collaboration among MOF, the Taskforce and MOFr.
- A specific mechanism should be developed for engaging communities in implementing REDD+ in the field.
- The Government should allocate a budget to support sustainable REDD+ activities at the local level. In the future, FCPF should discuss its sustainable activities at the local level (e.g. PSP).
- Compatible and up-to-date standards should be developed in coordination with the National Standardization Agency(BSN).

Group "Preparing Provincial and District REDD+ Strategies"

Facilitator:

AndiPramaria

Participants:

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2. Joice (North Sulawesi Forestry Office)
3. Fenti S. (Puspijak)
4. Alpius (Central Kalimantan Forestry Office)
5. HeriWinastuti (Pusdal 2)
6. Enik E. (SetbadanLitbang)
7. ReydinalFirdaus (Warsi/West Sumatra REDD Taskforce)

Prerequisites for discussion:

1. Giving up personal attributes (occupation, etc.)
2. Balanced and objective discussion

Indicative Questions

1. How ready are regions to implement REDD?
2. What contribution can FCPF make?
3. What are the challenges?
4. ...

Introduction by Moderator / PakAndi

1. *Opportunities in regions to be used in preparing REDD+ implementation (including policies and regulations)*
 - a. Central Kalimantan
Central Kalimantan has made significant preparations such as Regional Strategies (Strada) for REDD+ (SRAP and RAD). Necessary documents have been prepared.
 - b. West Sumatra
West Sumatra (Sumbar) has had SRAP and RAD.
 - c. East Java
RAD-GRK has been produced, many people's forests have been certified and Perhutani's state forests have also been certified.
 - d. North Sulawesi
North Sulawesi has also had RAD and SRAP
2. *Local REDD+ Strategies:*
 - A. West Sumatra (strategies in SRAP)
 - a. Provincial institution take the form of organization and norms (rules, regulations and policies).
 - b. Forest management is community-based meaning that the forest management considers the community's interests/needs.
 - c. Spatial planning aims to make areas spatially clear and definite.
 - d. Improve the criteria and standards for sustainable forest management.
 - e. Develop a partnership scheme in natural resources management between the private sector and communities.
 - B. Central Kalimantan
 - f. Strengthen the KPH institution to operate on at the site level.
 - g. Include local wisdom (indigenous rules) in local policies
3. Reality of local implementation of REDD+ strategies:
 - A. Institution
 - a. In West Sumatra, institution is established as the fifth strategy because the other four strategies do not do this. The Forestry Office was not able to implement the four strategies. Finally, a working group (Pokja) under the governor (of West Sumatra) was set up.
 - b. Central Kalimantan has an REDD+ Regional Commission (Komda) under the Governor. It more plays a coordinating role and is not much effective.
 - c. Pokja serves as a coordinating forum rather than an executor who makes recommendations and motivates local stakeholders (Moderator and East Java)

- d. Some regions such as East Kalimantan, Papua, South Sumatra, Riau, and Jambi have set up REDD+ Pokja. Other regions do not have such REDD+ Pokja because they apparently do not give facilitation.
- B. PHBM
 - a. Community Based Forest Management (PHBM) in East Java and North Sulawesi Provinces has been in place but not for REDD+ reasons (just to keep routines).
 - b. REDD+ is not a new activity, but it is more a political commitment of the state.
- C. KPH
 - a. Strengthening Forest Management Units (KPH) is a must because they ensure that state forest areas will be managed. Unmanaged forest areas may lead to land encroachment.
 - b. The KPH institution is now just a model due to problems with HR, funding/budgeting and infrastructure
- D. RKTP
 - a.
- E. Sustainable Forest Management (PHL)
 - a. Sustainable forest management has been in place for forest areas, village forests (West Sumatra), community forest, people's forests (East Java) and village forests and industrial timber plantations (HTI).
- F. Partnership
 - a. In East Java, partnership between people's forests and industries has been in place
- G. Local Wisdom
 - a. In some areas, local wisdom related to forest management is underway such as in West Sumatra, NTB and Central Kalimantan

Group “Preparation of Provincial and District REDD+ Strategies”

Strategies	Preferable	Problems/Gaps	FCPF's Contributions
<u>REDD+ Institution</u>	POKJA/KOMDA exists in each Province	Not all regions have REDD+ Working Groups (Pokja) because no legal umbrella requires them to establish Pokja	Facilitate the establishment of an institution that includes strengthening local REDD+ organization, norms and institutional capacity
<u>Community Based Forest Management</u>	Operational with a license	Weak commitment (National and Subnational Governments)	-
<u>Spatial allocation to development</u>	RKTP serves as a reference	RKTP is being developed and thus cannot be used for reference	-
<u>Sustainable Forest Management</u>	Should be supported by a certificate from a certification agency	Obtaining a certificate is a long and expensive process	Facilitate certification of Sustainable Forest Management
<u>Partnership</u>	Should take place as permanent, mutually profitable and equal cooperation based on a commitment	Institution at the community level should be strengthened The government should play an improved role in supervision and guidance	-
Forest Management Units	Should meet the prerequisites: - Establishment of working areas, - Organization and - Management plan to make them operational	Poor quality and quantity of HR Insufficient infrastructure (all REDD schemes should be integrated into KPH)	Strengthen KPH institution capacity
<u>Local Wisdom</u>	Protected by the government	Some local wisdom has not been protected yet.	-

Group C – Reference emissions levels and MRV

No	Indicative questions	Scope of Discussion
1.	A need to have a leading institution to establish reference emission levels (RELs)	Bappenas → Perpres 61/2011; KLH → National Focal Point; DNPI An existing agency should be used for greater effectiveness.
2.	How will REL/RL methods be	Approach/methodology:

	demonstrated and documented?	<ul style="list-style-type: none"> - RELs have been developed by the Ministry of Environment/KLH (SNC), REDD+ Taskforce, RAN GRK, RAD GRK. - A bottom-up approach is preferable to establish an REL. - The national level provides data, SOP, and guidance to develop RELs at the subnational level. - It is agreed that the method adopted comes from RAD GRK using 80% of historical methods to establish RELs. - Forward-looking methods are used by Papua, West Papua, East Kalimantan and South Sumatra - <p>Use of historical data and supporting data:</p> <ul style="list-style-type: none"> - The national data source is Ditjenplan. More detailed data is needed at the subnational level - Subnational problem: PSP data from BPKH cannot be used by Local Governments → Subnational forest inventory is necessary to support national REL establishment. - Provinces should be able to take forest inventory because Sub-Agency for Forest Investigation and Mapping (Sub-BIPHUT) is delegated to Provinces. - Regulation of the Forestry Minister (Permenhut) No. P67/2006 on Forest Inventory and Government Regulation (PP) No. 44/2004 on Forest Planning → describe forest planning and inventory hierarchically (national, provincial, district) - Plots from Ditjenplan can be increased for subnational benefits - Supporting data is customized to fit the method to be used in developing RELs - Peatland data comes from BBSDLP (Ministry of Forestry) → not peat data for moratorium <p>Credibility:</p> <ul style="list-style-type: none"> - RELs from MOF, SNC, RAN GRK, and SRAP have the same source but use different assumptions. - Consolidation was done with all stakeholders in May 2013 <p>Transparency:</p> <ul style="list-style-type: none"> - All NFMS data on the website was communicated by UKP4
2.	How will the forest monitoring system be implemented?	<p>Methodology:</p> <ul style="list-style-type: none"> - Vertical integration between forest inventory methods

		at the national, regional, watershed and management unit levels.
		HR Capacity: <ul style="list-style-type: none"> - It varies at the national and subnational levels - Capacity building is needed in some regions
		Stakeholders' Participation: <ul style="list-style-type: none"> - More feedback should be provided by various elements that support NFMS - More feedback should be provided for system improvement and data updating
		Transparency in data sharing: <ul style="list-style-type: none"> - NFMS is open to updating - Regions may provide input to rectify NFMS data. - Satellite imagery data is accessible to regions free of charges.
3.	What are the challenges?	<ul style="list-style-type: none"> - Problem: It is difficult to obtain funds for forest inventory→Stronger regulations are needed to force local governments to take forest inventory in their regions. - Capacity building is needed in some regions in calculating an REL. - No leading agency has been authorized to establish RELs in all sectors.
4.	What contribution can FCPF make?	<ul style="list-style-type: none"> - FCPF can support funding for facilitation: <ol style="list-style-type: none"> 1. Integration of forest inventory methods at the national, regional, watershed and management unit levels. 2. REL synergy process from subnational to national level.

Group “Funding and Benefit Distribution”

Funding Sources

1. Government Fund
2. Multilateral
3. Bilateral
4. Private
5. New Market Mechanism
6. Other Windows

General issues

- Overlapping funding for REDD+
- Institutional authority over funding
- Lack of transparency on data and information → used for reference by donors to make investments
- Gaps in information on funds
 - *Sources*
 - *Target locations for implementation*
 - *Amount of fund needed for implementation*

Alternative Funding: Multilateral and Bilateral

No	Mechanism	Applicability	Transparency	Coordination	Distribution	Ownership (G)
1.	On -On	1	3	3	1	3
2.	On – Off	2	2	2	1	3
3.	Off - Off	3	2	1	3	1
4.	Other options?					

Alternative Funding: Domestic-government fund

No	Mechanism	Applicability	Transparency	Coordination	Distribution	Ownership (G)	Goal ac
1.	On -On	1	3	3	1	3	3
2.	On – Off	3	1	2	3	3	2

Alternative Funding: Private fund

The private sector may take part in REDD+ on condition that there is an incentive as compensation (“facilities”) in the form of tax cuts or other facilities

Technical Problems

- Funding mechanisms (ON – ON; ON – OFF; OFF - OFF)

- Clear incentives for the private sector: such as private “cost” to obtain a sustainable forest product (PHPL) certificate
- Fund administrators (e.g. trust fund)
- Absence of real initiatives (real models) related to achieving the targeted 26% emission reduction through REDD+ of their own accord
- Absence of private markets to reduce emissions → the government should give an incentive during the absence of such markets → the government should pioneer such markets
- Private fund (national approach – subnational implementation through a national one-door mechanism) → leading to *double costs*
 - Private fund is easy to come into the center but difficult to go out for REDD+ use (DR experience)

Legal problems

- A legal framework has been in place for implementing climate change programs including REDD+ and should facilitate the legality of funding
- Funding:
 - On budget – on treasury (on-on): complicated bureaucracy
 - On – off: extra charges for supervision
 - Off – off (e.g. the Borneo Initiative): with government intervention (supervision) → consequently, extra charges
- Gaps in funding policy (e.g. dealing with overlapping funding)

Benefit Distribution

FUNDING SCHEMES:

Fiscal Transfer

Market based

Trust fund

FREDDI

RIM

Benefit Distribution

- Funds collected at the national level are distributed to the subnational level
- It is necessary to set aside funds for investment preparation (carbon credit) incl. MRV → for the account of the government
- The private sector receives compensation or incentive (“facility”) to carry out their business operations on sustainable (PHL) principles.
- Basis for benefit distribution: Proportionality in distribution based on reduced emissions
- For the governments (national and subnational), benefit distribution will be set out separately by relevant ministries
- Compliance market → tenurial issue

Benefit Distribution Problems

Legal umbrella

Bureaucratic efficiency

High intensity of supervision tends to inhibit project implementation

Recommendations

1. Prepare a policy matrix on REDD+ funding to fill the policy gaps identified above
2. The application of an ON BUDGET- ON TREASURY mechanism requires a further study at the operational level
3. There should be proportional incentives and responsibilities based on reduced emissions by provinces, districts and proponents as the basis for preparing an incentive distribution mechanism.