

INDONESIA FOREST INVESTMENT PROGRAM (FIP)

TERMS OF REFERENCE FOR JOINT MISSIONS

Executive Summary

1. Indonesia expressed interest to become a pilot country under Forest Investment Program (FIP) and was selected. On 11 June 2010, the Government of Indonesia (GOI) requested assistance in developing a forest investment plan. A Scoping Mission was conducted in August 2010 to plan for Joint Missions and consultations that would lead to development of an investment plan. A Preparation Grant to be administered by the Asian Development Bank (ADB) on behalf of the Government was approved in January 2011 to assist the GOI in preparing for joint missions and contributing to the development of investment plan.

2. The objective of the Joint Missions is to assist Indonesia in developing and costing a forest investment plan for programs and projects, which are consistent with FIP objectives and meet the investment criteria for FIP programming priorities. The First Joint Mission, led by the GOI, assisted by the multilateral development banks (MDBs) and supported by multilateral and bilateral development agencies, is proposed from 13 to 22 July 2011. A follow up technical Mission is planned to be undertaken from 15 to 16 August 2011 and the Second Joint Mission from 19 to 23 September 2011.

3. The Ministry of Finance (MOF) is the GOI's overall focal point for the Climate Investment Funds. The MOF designated the Ministry of Forestry (MOFr) as the Government's FIP focal agency, through the office of its Secretary General. Planning for a FIP mission and development of an investment plan has proceeded in coordination with the MOFr, and in consultation and coordination with other relevant GOI entities, including the National REDD+ Task Force, as well as the National Development Planning Agency (BAPPENAS), the National Council on Climate Change (DNPI), the Ministry of Environment (KLH) and the Coordinating Ministry for Economic Affairs (MenkoEcon).

4. Based on the results of a Scoping Mission in August 2010 and an update workshop held in April 2011 at the inception of work under the preparation grant, FIP preparation is planned to be carried out through two joint missions of the GOI and MDBs. The First Joint Mission will review the work carried out by consultants contracted through the preparation grant as well as MDB country programming and their counterpart teams. This work will focus on the status of REDD+ preparedness and options for support to the national REDD+ strategy through a FIP investment plan. The First Joint Mission will also undertake field visits to identify issues and opportunities relevant to climate change mitigation and adaptation and potential options to address them through improved forest management supported by FIP.

5. The First Joint Mission will review the national REDD+ strategy, currently being finalized, as well as plans and programs of other bilateral and multilateral development partners and will use the information in the development of the investment plan. Particular attention will be paid to the program of work agreed under the REDD+ Partnership between the Governments of Norway and Indonesia, which Australia has joined and will soon be joined by the United Kingdom. Work in progress under the UN-REDD Programme and the Forest Carbon Partnership Facility (FCPF), as well as all bilateral REDD+ support efforts will be reviewed and considered in the development of investment plan. Efforts will be directed to ensure good coordination with other REDD+ efforts in the country. As an integral part of the process in the development of investment plan, the First Joint Mission will seek inputs from various

government and non-government stakeholders, including representatives of indigenous peoples, local communities, and women's groups to support an inclusive and transparent development process of the investment plan, following the guidelines for consultation established by the FIP Subcommittee.

6. A Follow-up Mission to be fielded from 15 to 16 August will review the progress in development of the investment plan and provide needed guidance. This Mission will discuss investment options with the GOI, bilateral agencies, and other stakeholders, and facilitate completion of the first draft of investment plan, to be posted on the GOI website for disclosure, comment and feedback. This will be followed by a Second Joint Mission, scheduled to be fielded from 19 to 23 September to review comments and the feedback and finalize the draft investment plan for internal review by the GOI and submission to the FIP Sub Committee for its consideration at the November 2011 meeting. At the conclusion of each Mission, a report in the form of a Joint Communication will be drafted, discussed at a wrap-up with key stakeholder representatives, and shared with participating development partners and other stakeholders. The report will also be posted on the CIF website.

7. The investment plan will be considered by the FIP Sub Committee, a multi-stakeholder governance body comprising donor and beneficiary nations, as well as civil society representatives. A FIP Sub Committee meeting in November 2010 provided notional resource envelopes for each FIP pilot country, plus a reserve fund for additional requests. Indonesia's allocation is \$70 million, with further resources possible on a competitive basis. If the investment plan is approved, FIP funds are earmarked for use by GOI to co-finance investment projects to be developed later. Sub Committee approval of the investment plan signals the assignment of funds, but these funds only become available after specific investment projects are developed (jointly by GOI and MDBs) and approved through the project cycle of the individual MDBs.

INDONESIA FOREST INVESTMENT PROGRAM (FIP)

JOINT MISSIONS TERMS OF REFERENCE

A. Introduction and Background

1. Indonesia has been selected as a pilot country of the Forest Investment Program (FIP), which is a targeted program of the Strategic Climate Fund (SCF), one of two funds under the Climate Investment Funds (CIF). The Ministry of Finance (MOF) of the Government of Indonesia (GOI) welcomed Indonesia's selection as a FIP pilot country in its letter of 11 June 2010 to the CIF Administrative Unit. The Multilateral Development Banks (MDBs) – Asian Development Bank (ADB), the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC) – serve as partners to GOI under the terms of CIF in programming FIP resources and assisting with design and implementation of projects supported by FIP funds.

2. GOI has conducted extensive analysis of its greenhouse gas (GHG) emissions as part of its Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC). GOI continues to analyze trends and key opportunities for potential reductions across all sectors, including a GHG abatement cost study. Based on these analyses and studies, Indonesia is among the top five GHG emitting countries, when emissions from land use, land use change and the forest sector are included.

3. Under the business as usual scenario, Indonesia's GHG emissions are projected to increase from 1.76 gigatons carbon dioxide equivalent (GtCO₂e) in 2005 to 2.95 GtCO₂e in 2020.¹ While emissions from the forest sector are expected to decrease from 0.29 GtCO₂e in 2005 to 0.13 GtCO₂e in 2020,² emissions from peat lands are projected to increase from 0.83 GtCO₂e in 2005 to about 1.44 GtCO₂e in 2020.³ Recent analytical work indicates that it is technically feasible to mitigate most of these emissions, i.e., about 1.8 GtCO₂e per year, out of which about 1.1 GtCO₂e per year would be from forests and 0.68 GtCO₂e per year from peat, with an average estimated reduction cost of about \$10 per ton.⁴ These works, among others, provide a strong knowledge base to establish priorities for GHG mitigation through emission reduction and carbon sequestration opportunities across key sectors, without compromising economic development or conservation values.

4. In 2009, GOI committed to a voluntary and unilateral 26% reduction in emissions below business as usual in 2020, with an additional 15% possible should adequate international assistance be provided. As an important step in reaching this goal, Indonesia is preparing a National REDD+ Strategy. The draft strategy has five components⁵ as follows:

- Completion of spatial planning, and balanced land use to reduce deforestation while maintaining economic growth,

1 National Council for Climate Change (Dewan Nasional Perubahan Iklim - DNPI) and UNFCCC. 2009. *National Economic, Environment and Development Study (NEEDS) for Climate Change. Indonesia Country Study*. Final Report, Jakarta.

2 The main sources of CO₂ emissions in the forest sector are deforestation, soil including peat oxidation, and wood harvesting.

3 Mostly through emissions from fires on forested and non-forested peat lands.

4 Indonesia's greenhouse gas abatement cost curve, DNPI, Indonesia, August 2010.

5 November 2010 draft; as of April 2011, a revised strategy is under preparation, and revisions will have to be taken into account.

- Increased control and monitoring,
- Improvement of the effectiveness of forest management activities,
- Involvement and participation of stakeholders in reducing GHG emissions, and
- Improvement and strengthening the legal basis for forest management.

5. GHG mitigation in the forests and land use sector can be achieved in several ways. These, among others, include (i) improvements in forest and land governance, including spatial planning, land rights, community and indigenous peoples rights; (ii) actions to address key drivers of deforestation, including on peat forests and other peat lands; (iii) improved management of degraded forest areas and forest ecosystem restoration; (iv) implementation of sustainable forest management practices, afforestation and reforestation; (v) avoiding use of fire for land conversion, particularly in high-carbon landscapes; (vi) efforts to conserve and maintain already protected carbon sinks, such as conservation areas and surrounding landscapes; and (vii) adoption of other innovative carbon sequestration methods.

6. The FIP supports the efforts of developing countries to reduce emissions from deforestation and forest degradation, conservation and sustainable management of forests, and enhancement of forest carbon stocks (REDD+). It promotes sustainable forest management leading to emission reductions and the protection of carbon reservoirs by providing scaled-up financing to developing countries for REDD+ readiness reforms and public and private investments, identified through national REDD+ readiness or equivalent strategies. In support of country-led REDD+ priorities and strategies, and building on existing forest sector or related initiatives, FIP is designed to promote programmatic investments aimed at transformational change in the forest sector or other sectors affecting forests.

7. FIP resources can be used to: (i) build institutional capacity, forest governance and information; (ii) mitigate GHG emissions from the forest sector, including through supporting forest ecosystem services; and (iii) support necessary measures outside of the forest sector to reduce the pressure on forests, such as through the creation of alternative livelihood and poverty reduction opportunities. In addition to generating GHG mitigation benefits, FIP investments are meant to help mainstream climate resilience into development and contribute to the generation of multiple co-benefits, including biodiversity conservation, provision of watershed services, protection of the rights of forest dependent communities, and poverty reduction through rural livelihoods enhancements.

8. Potential transformational opportunities under the FIP include (i) improvements in forest and land governance, including spatial planning, land rights, indigenous peoples rights and gender considerations leading to more sustainable and equitable forest related outcomes; (ii) realization of REDD+ projects which are able to demonstrate the potential for much larger forest carbon finance flows for a variety of project types; (iii) ecosystem restoration; (iv) empowerment of non-wood, forest-based industries with improved eco-efficiency relative to traditional forest industries; and (v) monetization of the benefits of ecosystem services. The notional maximum resource envelope for planning FIP investments in Indonesia is \$70 million, as established by the FIP Sub Committee, comprising grants and highly concessional loans. Further resources are possible on a competitive basis from the FIP reserve fund.

B. Results of the Scoping Mission

9. A Scoping Mission⁶ was fielded from 9 to 13 August 2010 to identify the information requirements and other measures needed to prepare for a FIP Joint Mission, which will identify

⁶ Joint Communication based on FIP Scoping Mission is in Appendix 3.

the best use of FIP resources under an investment plan in support of Indonesia's national REDD+ strategy and other related initiatives. The Ministry of Forestry (MOFr), as GOI's designated FIP focal point agency, organized several information exchange meetings with relevant GOI agencies, including the MOF, the National Council on Climate Change (DNPI), the National Development Planning Agency (BAPPENAS), the State Ministry for the Environment (KLH), and the Coordinating Ministry for Economic Affairs (MenkoEkon). In parallel, the country teams of multilateral development banks (MDBs) – ADB, IBRD, and IFC – consulted with other development partners and interested stakeholders, and conducted preliminary desk studies and consultation missions to discuss the types of projects that could potentially meet the criteria for FIP investments in Indonesia.

10. The Scoping Mission conducted information exchange meetings with various entities within the MOFr as well as with development partner agencies, state owned enterprises and civil society organizations. A presentation on FIP was given to all stakeholders present, providing background on the FIP programming process for Indonesia. This was repeated in April 2011, providing an update on FIP programming plans. While recognizing various actions taken by GOI on climate change adaptation and mitigation, the Scoping Mission and subsequent FIP Update Workshop observed that (i) GOI is committed to low-carbon development options in the forest sector, having created a National REDD+ Task Force explicitly charged with preparing a national strategy and generating international support, (ii) there is a broad spectrum of opportunities for investment in transformational projects and programs in support of a national REDD+ strategy, and (iii) FIP can play a critical role in supporting public and private sector investments in low-carbon technologies and systems.

11. The Scoping Mission learned that GOI is developing and implementing a strategic, multi-year policy and investment program, based on the National Climate Change Action Plan (2007) and the Development Planning Response to Climate Change (2008), with support from various bilateral and multilateral development partner agencies, including the MDBs – ADB, IBRD, and IFC.⁷ A National Council on Climate Change (NCCC) has been established by the President with representation from 15 Ministries to coordinate Indonesia's climate change policies and international positions while an Indonesian Climate Change Trust Fund has been set up with support from several development partners. Most significantly for FIP programming, a National REDD+ Task Force was established by the President in September 2010 (after the FIP Scoping Mission), and it has been charged with coordinating all aspects of REDD+ readiness preparation and associated investments from bilateral and multilateral sources. The MDBs are already engaged with the GOI through a portfolio of projects and programs in support of climate change mitigation and adaptation in Indonesia, including ADB's support to the Indonesian Action Plan under the Heart of Borneo Initiative and World Bank serving as the delivery partner for the Forest Carbon Partnership Facility, which has multi-donor support.⁸

⁷ These projects and programs include clean energy investments endorsed under the Climate Investment Funds for Clean Technology Fund financing, in March 2010. Indonesia's approved Investment Plan can be found on the web site: http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_Indonesia_investment_plan_041210.pdf

⁸ FCPF Contributors include Agence Française de Développement (France), Australia, Denmark, Finland, Germany, Japan, Netherlands, Norway, Spain, Switzerland, United Kingdom, and United States, for a total of \$152.7 million as of October 2010. World Bank is the trustee and manager of the FCPF. FIP contributors include Australia, Denmark, Japan, Norway, UK, and United States, for a total of \$558 million as of February 2011. FIP is one of the Climate Investment Funds, where World Bank acts as trustee and manages and implements jointly with Regional Development Banks. UN REDD contributors include Norway, Denmark, and Spain for a total of \$111 million as of November 2010. UN REDD draws on the convening power and expertise of UNDP, UNEP, and FAO.

12. The Scoping Mission agreed with GOI on the scope, terms of reference, cost estimates, implementation arrangements, and other details for a preparation grant to be funded under the FIP. The preparation grant proposal was submitted to the FIP MDB Committee and approved in January 2011. The preparation grant is being implemented as a Technical Assistance (TA) activity to help analyze and synthesize available information, undertake consultations with stakeholders and meet other requirements for the development of an investment plan required to mobilize FIP resources. ADB agreed to serve as executing agency (EA) for the PPG, with MOFr as implementing agency (IA). A team of five consultants has been mobilized with the aim of contributing substantive inputs to a robust FIP investment plan agreed by the Government, FIP Sub-committee and the MDBs (see separate TA paper and TORs for this activity).

C. Joint Mission Objectives and Process

13. The terms of reference (TOR) for the proposed Joint Missions include (i) mission objectives, outputs and process; (ii) introduction/background; (iii) scope of work, comprising (a) pre-mission activities, (b) preparatory work for Joint Mission, (c) coordination among other development partners, and (d) consultations with other stakeholders; (iv) mission composition (Team members, assignments, and their outputs); (v) mission agenda/schedule; (vi) GOI and MDB contacts; and (vii) mission budget.

14. The objective of the Joint Missions is to assist Indonesia in developing and costing a forest investment plan for programs and projects which are consistent with FIP objectives and meet the investment criteria for FIP programming priorities. The expected composition of the Joint Mission team is given in Appendix 1.

15. A key feature of the Joint Missions will be engagement at the national and sub-national levels with concerned officials of the agencies including MOFr, National REDD+ Task Force, BAPPENAS, MOF, National Climate Change Council, the private sector, UN and bilateral and other potential partners, and civil society. The First Joint Mission will assess the ongoing plans, policies and programs of the GOI, including the REDD+ Strategy as well as plans and programs of other bilateral and multilateral development partners. Efforts will be directed to ensure good coordination with other REDD+ efforts in the country. The First Joint Mission will also make field visits and conduct consultations, as appropriate, to meet with concerned provincial and district level officers, representatives of local communities, indigenous peoples groups and women's rights/empowerment groups. In developing the investment plan, efforts will be made to ensure synergy with other REDD+ institutions, existing investments, investors and development partners to maximize potential impact. This will enhance cooperation and coherence between multilateral efforts in support of REDD+ strategy supported by various bilateral and multilateral agencies to support a transformational impact from the FIP resources.

16. Specifically, the First Joint Mission, to be fielded from 13 to 22 July, will:

- (i) review the work of consultants supported by the FIP preparation grant and the country programming budget, and their counterparts on stock taking, analyzing and synthesizing the work undertaken and the progress to-date vis-à-vis REDD+ and determine the level of preparedness for developing an investment plan, including review of preliminary listing of the possible options for contributing to enhancing cooperation and seeking coherence between multilateral REDD+ efforts;
- (ii) seek active engagement of local communities, indigenous peoples groups, women's rights/empowerment groups, non-government and civil society organizations, the private

sector, UN and bilateral and other potential partners, including specifically inputs from the Forest Carbon Partnership Facility (FCPF), and UN-REDD to the issues and options to be considered in the development of the investment plan;

- (iii) review the draft National REDD+ Strategy, plans under the Indonesia-Norway REDD+ Partnership (including inputs from the Government of Australia), as well as programs of other bilateral and multilateral development partners relevant to the development of the investment plan;
- (iv) undertake field visits and participate in stakeholder consultation workshops (to be scheduled) that include key GOI agencies, non-government and civil society organizations, indigenous peoples and local communities' representatives, and private sector stakeholders as well as other development partners. Stakeholders will be given sufficient advance notice of consultations to allow them to prepare comments and inputs to the investment plan, following the FIP guidelines on public consultation;
- (v) identify an existing, cross-cutting multi-stakeholder national level steering committee to assist in program planning, implementation, monitoring and evaluation, which should include representatives of appropriate national entities, provincial, state and local authorities, indigenous peoples and local communities, NGOs, private sector and other members of civil society;
- (vi) seek consensus on a broad strategic rationale for the FIP investment portfolio that is in line with GOI national climate change and sector development programs and priorities, including the types of high priority projects and programs to be included in the investment plan for FIP support;
- (vii) identify and agree on collaboration arrangements with the MDBs during the preparation and implementation processes, including respective roles and support mechanisms; and
- (viii) agree on the arrangements for collaboration with other development partners supporting the GOI and the timeline for the preparation of the first draft and subsequent drafts of the investment plan and the final document for submission to the FIP Sub Committee for its consideration in November 2011.

17. The First Joint Mission will discuss the assessments and findings of the consultants vis-à-vis the investment plan with stakeholders, which among others, include relevant GOI entities and other stakeholders including the MOFr, MOF, BAPPENAS, REDD+ National Task Force (or successor agency), and the National Council on Climate Change (the focal agency for climate change policy and the CDM Designated National Authority). Other key agencies to be consulted include the ministries of Environment, Agriculture, Energy and Mineral Resources, the private sector, and civil society organizations. Indigenous communities and women will also be consulted to examine gender-specific challenges and opportunities in implementing the investment plan. Based on the findings and conclusions of the initial assessment, the Mission will provide guidance and support to the consultants in developing the investment plan. A follow up Mission will be fielded from 15 to 16 August to review the progress and provide needed guidance and advice. This Mission will discuss investment options with the GOI, bilateral agencies, and other stakeholders, and facilitate completion of the first draft of investment plan, to be posted on the GOI website for disclosure, comment and feedback. This will be followed by a Second Joint Mission, scheduled to be fielded from 19 to 23 September, to review the feedback and finalize the draft investment plan for internal review by the GOI and submission to

the FIP Sub Committee through the CIF Administrative Unit. The Joint Missions will also exchange information and coordinate with other development partners engaged in climate change mitigation strategies and implementation. The Joint Missions will conduct stakeholder workshops and seminars to seek feedback from participants. The specific outputs anticipated from each Joint Mission are presented in below.

D. Anticipated Outputs of the Joint Missions

18. **First Joint Mission:** A Joint Communication by the GOI and MDBs summarizing the findings and conclusions of the stakeholder consultation workshops, discussions and agreement with the GOI and development partners on a strategic rationale for the investment plan aimed at key drivers of deforestation and development challenges, as well as investment options for further study and analysis, and a time line for completion of the investment plan with milestones.

19. **Interim Technical Mission:** A Joint Communication by the GOI and MDBs documenting progress in the development of the investment plan, identifying any concerns and constraints in completion of the first draft investment plan, summarizing discussions with the concerned GOI agencies to address any possible constraints, and determining the continued validity of the time line agreed by the First Joint Mission. The Outputs will include a draft investment plan, a schedule for completion and approval of investment plan, and assignment of responsibilities for follow up actions to take investment plan to finalization.

20. **Second Joint Mission:** The final Joint Mission will produce two outputs:

- (i) A final version of the investment plan, agreed by the GOI and other national and local stakeholders and concerned development partners for submission to the CIF AU for consideration by FIP SC in its meeting in November 2011. The outputs will also include (a) letter of transmittal to CIF/FIP Subcommittee, and (b) GOI presentation to FIP Subcommittee.
- (ii) A Joint Communication summarizing the priority investment options as agreed by the GOI, findings and conclusions of the stakeholder consultation workshop, and agreements for implementing the investment plan, including the role of various GOI agencies at the national and the local level, as well as the role of concerned MDBs and other development partners.

E. Preparatory Work for the First Joint Mission

21. Following the January 2011 approval of the Preparation Grant by the FIP MDB Committee in the amount of \$225,000, ADB employed – in consultation with the GOI – a Small-scale Capacity Development Technical Assistance facility to initiate the Preparation Grant activities. The TA is designed to help the GOI and MDBs to develop the investment plan with a view to effectively implementing its REDD+ architecture, institutions, operational procedures and practices, consistent with national development goals and climate change objectives. It will provide substantial inputs toward documenting a rationale for the use of FIP resources and identifying investment options for consideration by GOI and MDBs.

22. The TA is supporting consulting services (through employing five national consultants), field reconnaissance to potential project sites, stakeholder consultation workshops, and other activities to support preparation of the investment plan. Consulting services include support to the MOFr, MOF, the BAPPENAS, the National Climate Change Council, and the National

REDD+ Task Force in distilling relevant policies and strategies, analytical studies, and action plans in support of REDD+. This will include compilation of ongoing REDD+ activities and other activities which may be able to tap the voluntary carbon markets, and identify investment opportunities via field reconnaissance to project areas.

23. Given the diversity of stakeholders and geographic spread of activities, there is a need to build consensus among stakeholders including government, private sector, forest-based communities including women, civil society organizations, and development agencies through a series of consultations. Several consultation workshops are proposed under the PPG along with other outreach activities. Such activities will be coordinated with the MDB Joint Missions.

24. Key representatives from the MoFR, MOF, and other related institutions will lead the Mission. The Mission Members from the MDBs and associated expert consultants has been determined to complement resources made available by the GOI and through the FIP preparation grant funded TA (Appendix 1). A preliminary schedule for the Joint Missions is given in Appendix 2.

F. Coordination with Development Partners and Civil Society

25. The MDB team, in consultation with the GOI, has been in regular contact with other development partners actively supporting Indonesia's REDD+ readiness efforts, including contributors to and managers of the UN-REDD Programme, FCPF and FIP. Continued coordination with these development partners will be ensured through meetings, discussions, information exchanges, and sharing of updates. Such discussions have occurred during the Scoping Mission, at regular donor communication meetings, at an *ad hoc* meeting on 28 March 2011, and an April 2011 information meeting with development partners' representatives from a cross-section of bilateral and multilateral agencies involved with or interested in REDD+ development or related sustainable rural development approaches. The development partners welcomed the FIP initiative and expressed interest in contributing during the FIP programming process and during Joint Missions, where opportunities for co-financing of elements of the investment plan will be discussed.

26. The Joint Missions will maintain close contact and consultation with development partners and take full account of their ongoing and programmed activities relevant to FIP. They will be invited to participate in focused stakeholder workshops (to be scheduled during the First Joint Mission), and requested to review investment plan for comment and feedback. Moreover, the Joint Missions will discuss their findings and conclusions, including priority sites for investment plan to ensure synergies with ongoing REDD+ or other relevant planned programs.

27. Stakeholder consultation workshops will be held to engage with relevant representatives of communities, forest sector stakeholders, environmental groups, indigenous peoples, local communities, and women's rights groups to understand their perspectives and priorities. At an informational meeting held in Jakarta on 25 March 2011, civil society representatives expressed interest in self-selecting the representatives to these workshops and consultations. Account will be taken as well of the recommendations from the Asia consultations on the FIP Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, and special attention will be given to the interface between FIP investments and financing through the FIP Dedicated Grant Mechanism. Attention will also be given to monitoring and evaluation (M&E) arrangements and FIP results framework. The Joint Mission will lay out the general approach to ensure that necessary information on various indicators of the results framework will be collected.

Appendix 1

Mission Composition (MDB Team members, assignments and expected contributions)⁹

Mission member	MDB	Assignment	Expected contribution to mission outputs
1. Ancha Srinivasan Principal Climate Change Specialist, Southeast Asia Department (asrinivasan@adb.org) +632 6324786	ADB	Joint Mission Leader. Lead preparation and finalization of investment plan; Coordinate consultations with various stakeholders.	Provide technical guidance, review synthesis report and ensure over all preparation and quality of the investment plan in accordance with the FIP Guidelines.
2. David McCauley Lead Climate Change Specialist, Regional and Sustainable Development Department (dmccauley@adb.org) +632 6325423	ADB	Coordination of investment plan development with ADB climate change program and UNFCCC requirements, and liaison with CIF Administrative Unit on FIP requirements.	Liaison with GOI; Ensure that investment plan is consistent with ADB climate change program activities and objectives; technical guidance and support in reviewing the synthesis report; assist with identification of potential investments under the FIP; oversee over all preparation and quality of the Investment plan while ensuring adherence to the FIP and the CIF Guidelines.
3. Marilou Drilon, Environment Specialist, Southeast Asia Department, (Project Officer for Heart of Borneo Initiative) (mldrilon@adb.org) +632 6326872	ADB	Coordination of investment plan development on ADB side with regard to forestry programs in Borneo	Review draft investment plan for relevance and completeness vis-à-vis HOB program and assist with finalization of relevant project-level concept papers for the investment plan annexes
4. Javed H. Mir, Director, Environment, Natural Resources and Agriculture Division, Southeast Asia Department (jhmir@adb.org) +632 6326234	ADB	Mission Advisor; Overall coordination of ADB participation	Provide guidance to ADB's team and the Joint Mission. Quality assurance/ Quality control (QA/QC) on the investment plan documents.
5. Nasimul M. Islam, Natural Resources Management Specialist, Indonesia Resident Mission, (mnislam@adb.org) +62 21 2512721	ADB	Assist with engagement with development partners and civil society stakeholders including local communities	Support stakeholder consultations with implications for the FIP design and provide related assistance in drafting the Joint Communication and investment plan.
6. S. Tahir Qadri, Climate Change Advisor, Regional and Sustainable Development Department (stqadri.consultant@adb.org) +632 632 4444 Loc: 70314	ADB	Guidance on FIP procedures; Ensuring consistency of investment plan with FIP requirements, criteria and modalities.	Review synthesis report and support, assist the Joint Mission with identification of potential investments under the FIP, drafting the Joint Communication, and provide any other assistance needed to finalize the investment plan.
7. Ms. Rowena Crispina Soriaga, REDD+ Consultant, Regional and Sustainable Development Department	ADB	Assist with aspects of indigenous and local communities, women and grant mechanism	Help with collection of information on existing forest management and sustainable livelihood activities, and provide inputs to the investment plan.

⁹ The team will be supported by resources provided through the FIP Preparation Grant. All listed mission members may not participate in all missions. However, all listed members will join at least one mission.

8. TBD, Forest Carbon Financing Specialist (Consultant), Southeast Asia Department	ADB	Assist with aspects of project co-financing and coordination with other funding sources.	Support analysis of financing options. Assist in preparation of the investment plan including draft concept paper(s) for proposed projects. Ensure completeness and quality of investment plan.
9. Ms. Helena Lawira, Project Implementation Officer, Indonesia Resident Mission, Southeast Asia Department (hlawira@adb.org) +62 21 2512721	ADB	Support synthesis of investment plan materials and associated Annexes, including inputs from the preparation grant team.	Provide logistical support to the team specifically preparing the mission announcement; assisting the GoI in making appointment with identified stakeholders; and support the conduct of multi-stakeholder workshops.
10. Indira Simbolon Principal Social Development Specialist, Regional and Sustainable Development Department (isimbolon@adb.org) +632 6324444	ADB	Coordination of investment plan development on ADB side with respect to environment and social safeguards	Quality review and assurance of Annexes covering safeguards issues
11. Werner Kornel, Indonesia Country Office, World Bank	IBRD	Joint Mission Leader. Lead coordination of investment plan development on IBRD side	Coordinating and reviewing IBRD sections and overall sections of investment plan. Ensuring quality control and consistency of investment plan with FIP requirements, criteria and modalities. Lead and participate in discussions with GOI.
12. Timothy Brown, Senior Natural Resource Economist, Indonesia Country Office, World Bank	IBRD	Support the team on climate change policy and institutional context in Indonesia.	Contribute to IBRD sections of the investment plan. Participate in discussions with GOI.
13. Emile Jurgens, Forestry Specialist (Consultant), Indonesia Country Office, World Bank	IBRD	Provide guidance on FIP procedures. Contribute to investment plan sections as required	Ensure completeness and quality of investment plan. Assist in preparation of concept papers.
14. Mubariq Ahmad Senior Environmental Specialist, Indonesia Country Office, World Bank	IBRD	Support the team on forest and land use policy and institutions analysis	Contribute to IBRD sections of the investment plan. Assist in preparation of concept notes and project design features.
15. Guiseppe Topa, Lead Forestry Specialist, World Bank	IBRD	Support the team on forest and land use policy and institutions analysis, international experience and global good practice	Contribute to IBRD sections of the investment plan. Ensure consistency of investment plan with FIP requirements.
16. Juan Martinez, Social Safeguards Specialist, Indonesia Country Office, World Bank	IBRD	Support the team on outreach and consultation issues, assessment of potential impacts and mitigation measures	Contribute to IBRD sections of the investment plan. Ensure consistency of consultation process with FIP requirements.
17. Michael Allen Brady, Senior Operations Officer	IFC	Joint Mission Leader. Lead coordination of investment plan development on behalf of IFC	Coordinating and reviewing IFC sections and overall sections of investment plan; Ensuring quality control and consistency of investment plan with FIP requirements, criteria and modalities; Lead and participate in discussions with GOI.

18. Francisco Bengzon, Senior Investment Officer, IFC Indonesia	IFC	Support the team on IFC financing procedure and potential investment in Indonesia; Contribute to investment plan sections as required	Contribute to IFC sections of the investment plan.
19. Haris Iskandar, Forest Carbon Consultant	IFC	Support the team on climate change policy and institutional context in Indonesia. Contribute to investment plan sections as required	Contribute to IFC sections of the investment plan. Assist in preparation of concept papers. Participate in discussions with GOI. Ensuring consistency of investment plan with FIP requirements.
20. Rahajeng Pratiwi, Operations Analyst	IFC	Support the team on forest, on outreach and consultation issues, and global good practice	Contribute to IFC sections of the investment plan. Assist in preparation of concept notes and project design features.

Proposed Dates for 2011 FIP Indonesia Programming

Description/Activity	Dates
Finalize and submit TOR to MDBs for Approval	3 June
FIRST Joint Mission	13-22 July
INTERIM Follow-up Mission	15-16 August
SECOND Joint Mission	19-23 September
Submission of Forest Investment plan to CIF AU for advance review by FIP Sub Committee	10 October
Consideration by FIP Sub Committee	1-4 November

Key elements of the schedule tied to the TOR:

- First Joint Mission:*** Day 1: Informal meetings with GOI and MDBs
Day 2-3: National consultations to present initial options for investment plan
Day 2 am: GOI Representatives
Day 2 pm: Civil Society Organizations
Day 3 am: Private Sector
Day 3 pm: Other Development Partners
Day 4-8: Visits to field sites and consultations
Day 9 am: Multi-Stakeholder workshop
Day 10: Wrap-up, Presentation and Distribution of Draft Joint Communication
- Follow Up Mission:*** Take stock of the progress and prepare the first draft of the FIP investment plan
- Second Joint Mission:*** Finalize the draft investment plan and forward it to GOI for approval and submission to CIF AU for consideration by the FIP SC.

**Joint Communication
Indonesia Forest Investment Program Scoping Mission
9-13 August 2010**

I. Introduction

1. Indonesia has been selected as a pilot country of the Forest Investment Program (FIP), which is a targeted program of the Strategic Climate Fund (SCF), one of two funds under the Climate Investment Funds (CIF). FIP supports the efforts of developing countries to reduce emissions from deforestation and forest degradation, conservation and sustainable management of forests, and enhancement of forest carbon stocks (REDD+). It promotes sustainable forest management leading to emission reductions and the protection of carbon reservoirs by providing scaled-up financing to developing countries for REDD+ readiness reforms and public and private investments, identified through national REDD+ readiness or equivalent strategies.

2. In support of country-led REDD+ priorities and strategies and building on existing forest sector or related initiatives, FIP is designed to promote programmatic investments aimed at transformational change in the forest sector or sectors affecting forests. FIP resources can be used to: (i) build institutional capacity, forest governance and information; mitigate greenhouse gas (GHG) emissions from the forest sector, including through supporting forest ecosystem services; and (ii) support necessary measures outside of the forest sector to reduce the pressure on forests, such as through the creation of alternative livelihood and poverty reduction opportunities. In addition to generating GHG mitigation benefits, FIP investments are meant to help mainstream climate resilience considerations and contribute to multiple co-benefits, such as biodiversity conservation, protection of the rights of forest dependent communities, and poverty reduction through rural livelihoods enhancements. The notional resource envelope for planning FIP investments in Indonesia is \$80 million.

3. The Multilateral Development Banks (MDBs) – Asian Development Bank (ADB), the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC) – serve as partners to the Government of Indonesia (GOI) under the terms of the CIF in programming the FIP resources and implemented projects with FIP funding. Pursuant to the Ministry of Finance's letter of 11 June 2010 to the CIF Administrative Unit (Attachment 1) which welcomed Indonesia's selection as a FIP pilot country, a FIP Scoping Mission was scheduled with the MDBs and carried out from 9-13 August 2010 (Attachment 2). Its overall objective was to identify the information collection and other measures needed to prepare for a FIP Joint Programming Mission (Joint Mission) that will identify the best use of FIP resources under a Forest Investment Strategy (FIS) that articulates this in support of Indonesia's national REDD+ strategy.

4. This Joint Communication provides a record of the week-long Scoping Mission's activities and recommendations. It was discussed and finalized between the MDBs and the Ministry of Forestry, on behalf of the GOI. This included an inter-agency discussion organized by Ministry of Forestry on 1 October 2010 to ensure a common GOI understanding.¹⁰

¹⁰ Invited to that meeting were: Coordinating Ministry for Economic Affairs, Ministry of Finance, Ministry of Environment, National Climate Change Council, Ministry of Agriculture and the National Development Planning Agency (BAPPENAS).

II. Mission Activities and Outputs

5. The Ministry of Forestry (MOFr), as the GOI's designated FIP focal, organized information exchange meetings with relevant GOI agencies, including the Ministry of Finance (MoF), the National Council on Climate Change (DNPI), the National Development Planning Agency (BAPPENAS), the State Ministry for the Environment (KLH), and the Coordinating Ministry for Economic Affairs (MenkoEkon). The Scoping Mission also conducted information meetings with various entities within the Ministry of Forestry as well as with development partner agencies, state owned enterprises and civil society organizations. A presentation on FIP was given to all stakeholders, providing background on the FIP programming process for Indonesia (Attachment 3). The schedule for the most important of these meetings is given in Attachment 4.

6. An organizational meeting with the Ministry of Forestry as FIP focal point was held on 9 August 2010, during which time the agenda for the Scoping Mission was finalized. The MOFr agreed to handle invitations and to host most of the Mission meetings and to provide other administrative support to the Mission. MOFr provided the Mission with substantive inputs on key areas of interest for the FIP, emphasizing areas such as Ecosystems Restoration Concessions, small-holder plantations on degraded lands and sustainable forest management. The MoFr also described some of the challenges in maintaining forest production while increasing terrestrial carbon stocks, which is a key challenge for FIP programming in Indonesia. In providing its preliminary feedback, the mission indicated that the focus of FIP investments should be on activities and approaches that reduce deforestation rather than those that compensate for it, such as tree planting. An updated and refined set of investment options will be prepared as input to the Joint Mission.

7. At an inter-agency information and coordination meeting, the Mission was briefed on current policy considerations regarding REDD+ strategy development and informed that BAPPENAS is now leading an effort to refine the national strategy in conjunction with preliminary commitments made by Indonesia under a Letter of Intent with the Government of Norway. The Ministry of Finance, as overall CIF focal point for the country, indicated its strong support for the development of a FIP financing package that would support national objectives. The National Climate Change Council expressed how important is the sustainable management of land and forest resources, including peat lands, to achieving the Government's target of a 26% unilateral reduction in GHG emissions compared to business as usual by 2020 and a further 15% reduction if international support is provided (for a combined 41% reduction). The Coordinating Ministry for Economic Affairs indicated that it is taking an important role to ensure that all sectors contribute in an integrated manner to the achievement of sustainable development objectives, including those in response to climate change.

8. A discussion was also held with Perum Perhutani regarding the role of social and community forestry in the promotion of sustainable forest management systems for state forest lands both on Java. Examples were given of improved forest management practices and rehabilitation of degraded forests, and strong interest was expressed in the potential of forest carbon management as a new source of revenue and incentive for sustainable forest management. The Mission was briefed by both the Ministry of Forestry and Perum Perhutani on the opportunity for private sector engagement on degraded lands that present both clear climate change additionality as well as community and biodiversity benefits.

9. A well attended information meeting was held with development partner representatives from a cross-section of bilateral and multilateral aid agencies involved with or interested in REDD+ development or related sustainable rural development approaches. The development

partners welcomed the FIP initiative, and they asked for a continuous flow of information regarding the FIP programming process. Several also requested that they be directly or indirectly involved in the Joint Mission, and it was agreed that follow up information and dialogue would be pursued on opportunities for such participation and the cofinancing of elements of the FIS.

10. An information meeting was also held with civil society organizations engaged in forest conservation and management. Because of the short notice for the meeting, only the organization AMAN and KPSHK were able to attend, but they agreed to pass along the information received at the meeting to other interested civil society organizations. The key messages conveyed were that the FIP design process should follow its own agreed guidelines for consultation and participation, and that they will be monitoring this process. There was also a brief discussion of the FIP dedicated grant mechanism for indigenous peoples and forest communities, and the Mission expressed its interest to link the FIP programming process with this mechanism should this be possible given the timing of the new mechanism's development.

11. The GOI letter of 11 June 2010 welcoming Indonesia's selection as a FIP pilot country also requested a preparation grant to facilitate (i) compilation of supporting data and information, (ii) consultations with key stakeholders, (iii) analytical work to link the FIP Investment Strategy with the national forestry and economic contexts, and (iv) preparation of a FIS document. The Mission met several times with MOFr representatives and held discussions with other relevant GOI bodies to refine the TOR for the use of this grant. In order to facilitate its processing, ADB agreed to serve as executing agency for the grant, with the Ministry of Forestry as implementing agency. It was anticipated that an agreed TOR for the grant would be an important outcome of the Scoping Mission, and ADB took note of comments from the MOFr and agreed to send a revised final version of the TOR together with this Joint Communication for review and approval (Attachment 5). It was also agreed that an Oversight Committee, with representation from the GOI and MDBs, will be formed to manage implementation of the technical assistance financed through the grant.

III. Next Steps

12. Following completion of the Scoping Mission, there are several key steps needed to prepare for the Joint Mission (summarized in Attachment 6). These are broken into three stages of action: (i) before the Joint Mission, (ii) during the Joint Mission according to its Terms of Reference (TOR), and (iii) after the Joint Mission, through to presentation of the FIS to the SCF's FIP Subcommittee.

13. Before the FIP Joint Mission, the TOR and administrative arrangements for the program preparation grant must be completed and the technical assistance initiated, with adequate work carried out to enable the Joint Mission to proceed effectively. A TOR for the Joint Mission needs to be prepared and agreed by all parties, both in Indonesia and among the FIP partners. This will include designation of the MDB teams to participate in the Mission, and the TOR must be posted on the CIF website adequately in advance of the Joint Mission to allow all interested stakeholders the opportunity to be informed of FIP programming plans and to participate in consultations and other aspects of the Joint Mission, as appropriate. The GOI will need to designate a process for the conduct of the Mission, including institutional contacts, most likely through a decision (SK) of the Forestry and/or the Finance Ministries. A formal request to the MDBs to conduct the Joint Mission will also need to be prepared and transmitted. Advance planning for stakeholder consultations will need to be carried out, including the preparation of materials, lists of participants, designation of the timing and venues. As information becomes

available on the dedicated grant mechanism for indigenous peoples and forest communities under the FIP, efforts should be made to link this to the FIS design process.

14. The main outputs of the pre-mission period will be (i) preparation and approval of the TOR for the Joint Mission, including provisions for MDB costs, (ii) a GOI request for the Joint Mission's conduct to the MDBs as partners, (iii) inception of work financed through the preparation grant, (iv) detailed planning and scheduling of formal consultations, and (v) the completion of sufficient preparation of background materials through the grant and other means to enable effective conduct of the Joint Mission.

15. Once the pre-conditions for conduct of the Joint Mission have been satisfied, the Mission will be scheduled and carried out over about a 2-week period. During the mission, GOI and MDB priorities, links between FIP and other initiatives (including parallel/complimentary investments by the MDBs and other co-financiers), and the strategic role of the proposed FIP investments will be identified and agreed among Government and all other partners. This will be done in a participatory and consultative manner, so that all key stakeholders will have an opportunity to share their views on how best the FIP resources can be used to support Indonesia's REDD+ strategy and realize its objectives for reduced GHG emissions and sustainable development. It is likely that the process will include brief visits to sub-national or other locations for FIP pilot investments. A draft FIS will be prepared according to agreed CIF/FIP guidelines, which will include a rationale for the proposed allocation of FIP resources in support of Indonesia's national REDD+ strategy. Following completion of the Joint Mission, a second Joint Communication will define the process, responsibilities, and tentative timing for finalizing the FIS, getting it approved by the FIP Subcommittee, preparing project documentation under the FIS (including the identification of co-financing), approval of these projects by the GOI and partner MDBs, and full FIS implementation in support of the national REDD+ strategy.

16. The main outputs of the Joint Mission will be a (i) completion of a consultation process engaging key stakeholders in the design of FIP support to Indonesia's REDD+ strategy; (ii) a draft FIS document; and (iii) a Joint Communication documenting next steps for FIP in Indonesia.

17. Following the Joint Mission, the draft FIS will be reviewed within the GOI and the MDBs, refined and finalized. This could potentially require further stakeholder consultations should new issues arise or any issues remaining from the Joint Mission still need to be resolved. When a draft final version of the FIS document is ready, this will be shared with the CIF Administrative Unit for review and comment. Taking account of any inputs, a final FIS document will be prepared and transmitted to the CIF Administrative Unit for posting according to agreed CIF deadlines.

18. The MDBs will consult with the GOI CIF and FIP focal points on the appropriate manner to organize and schedule follow-up to the Scoping Mission, with comprehensive and substantive discussions expected to be conducted during the Joint Mission. The tentative list of key activities and outputs is given in Attachment 7¹¹.

¹¹ The attachment had a timeline column but it was removed as it is no longer relevant.