



# Country Report : FIP in Indonesia

**PILOT COUNTRY MEETING**

**Washington D.C., 7 November 2010**

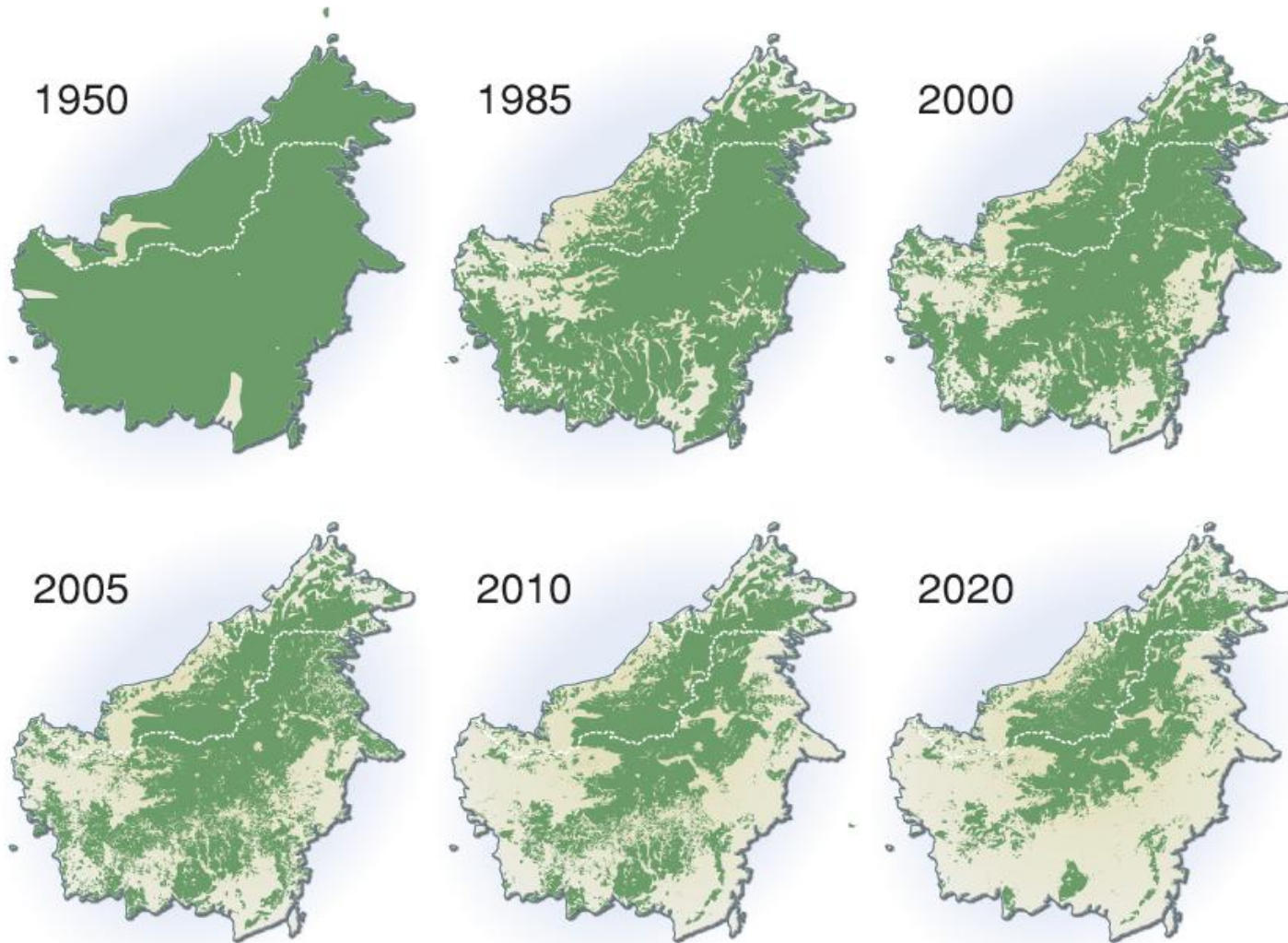


# INDONESIA : CC relevance



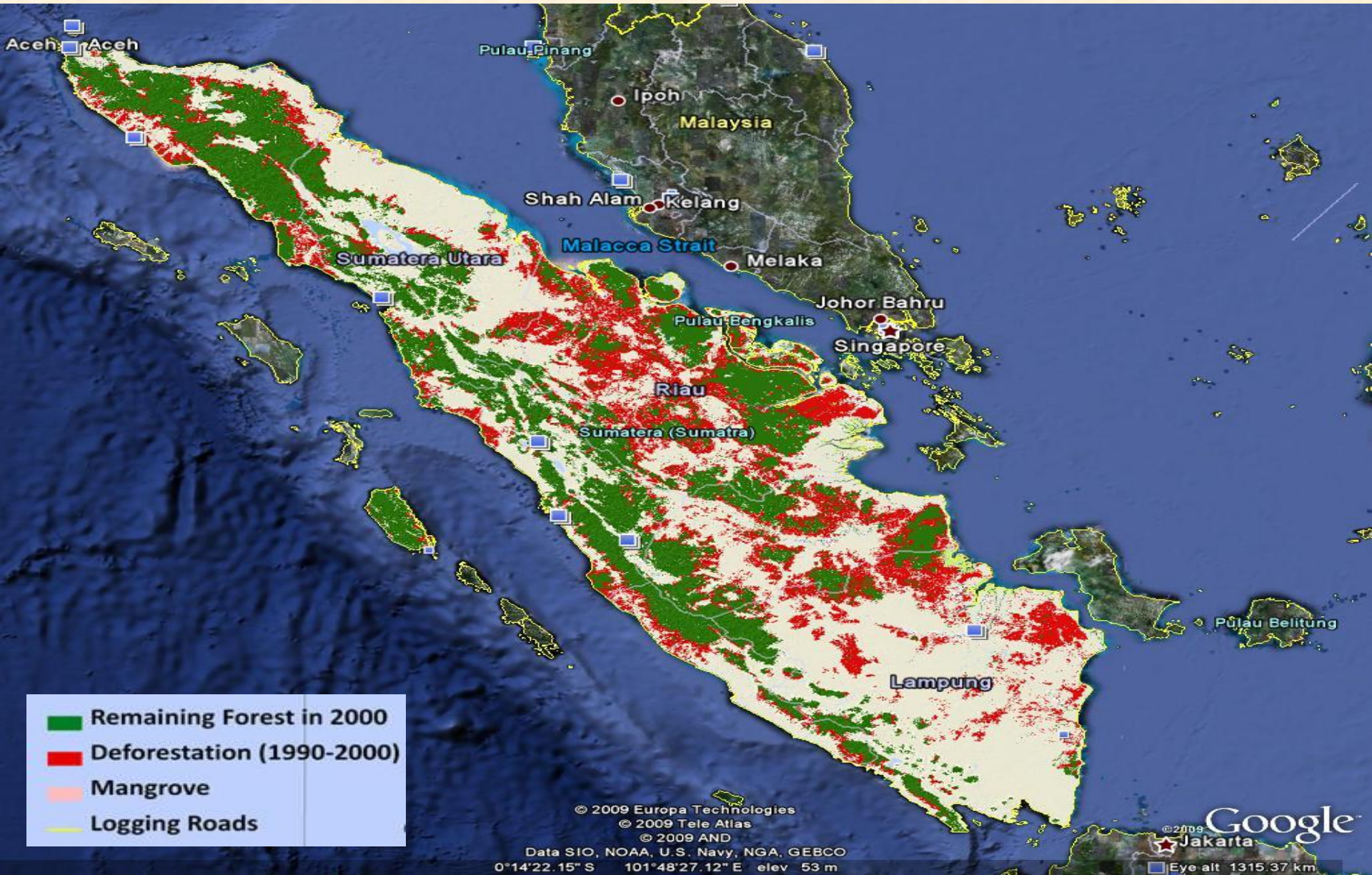
1. Country land area : app. 187 millions ha, population : app. 230 millions
2. 7 major islands (from total of > 16 thousands islands), > 300 tribes,
3. 33 provinces, > 300 districts, autonomous governance system
4.  $\pm 60\%$  of the country area are forest land/state forest ( $\pm 37\%$  of them are degraded at various levels)
5. Forest transition from the east (Papua : low historical DD) to the west (Sumatera : high historical DD, Java : forest cover increases)
6. The Law No. 41/1999 on Forestry and Law No. 5/1990 on Biodiversity Conservation are the main references for managing forest resources (under Forestry Law (UU) No. 41/1999, customary/adat right is recognized)

# Shrinking Forests of Kalimantan



Source: UNEP/GRID-Arendal, 2007

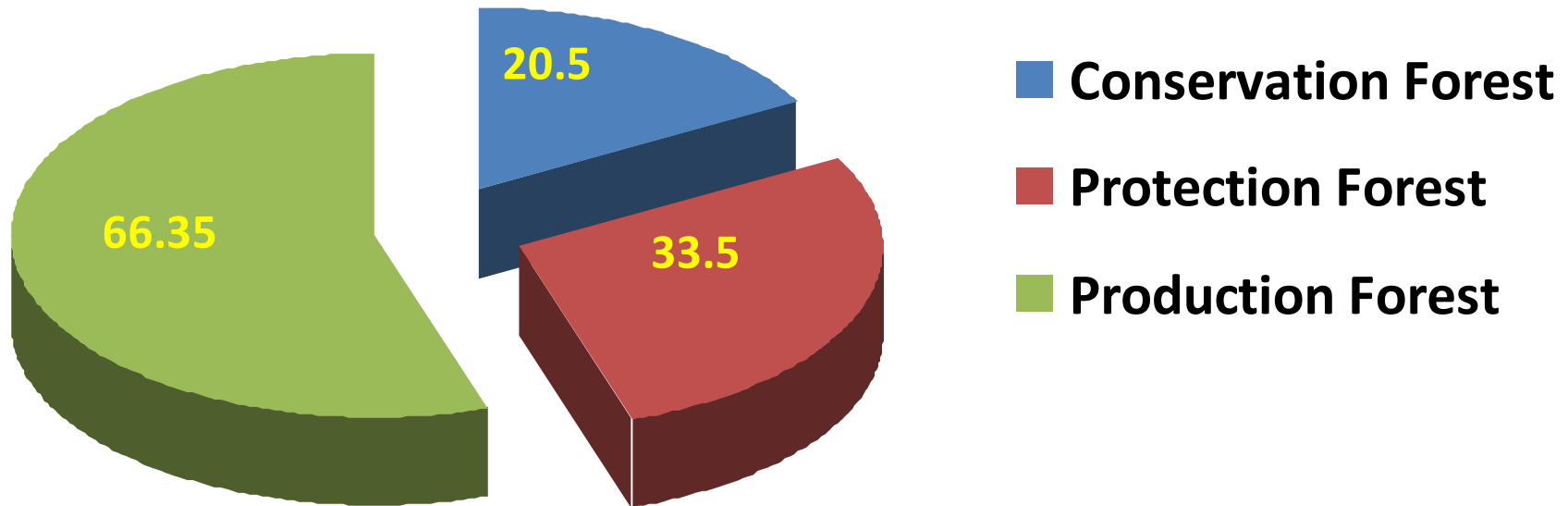
# 26% Forest Loss in Sumatra (1990-2000)



Source: [www.sumatranforest.org](http://www.sumatranforest.org)

# INDONESIA'S DESIGNATED FOREST AREA BY FUNCTIONS

(120,35 million hectares)



**MANAGED SUSTAINABLY**

**ECOLOGICAL**

**ECONOMIC**

**SOCIAL/CULTURE**

# FOREST RESOURCES MANAGEMENT FRAMEWORK & PRINCIPLE

**SUSTAINABLE**

**SFM**

**CONSERVATION,  
PROTECTED AND  
PRODUCTION FOREST**

**AREAS**

**SFM**

**DEVELOPMENT**



# REDD+ IN FORESTRY DEVELOPMENT PERSPECTIVE

**R  
E**

**D** →

## DEFORESTATION

- **PLANNED (CHANGE IN LAND USE PLAN, CONVERSION OF PRODUCTION FORESTS ALOCATED FOR NON-PORESTRY SECTORS DEVLOPMENT)**
- **ENCROACHMENT (ILLEGAL)**

**D** →

## DEGRADATION

- **LEGAL (PRODUCTION FORESTS UTILIZATION)**
- **ILLEGAL : ILLEGAL ACTIVITIES**
- **NATURAL DISASTERS (FOREST FIRES)**

**+**



## CONSERVATION

- **PLANNED (CHANGE IN LAND USE PLAN)**
- **CONVERTION OF PRODUCTION FORESTS**

## SFM

- **ECONOMIC, SOCIAL, ENVIRONMENTAL ASPECTS**
- **ALL FORESTS AREAS**

## CARBON STOCK ENHANCEMENT

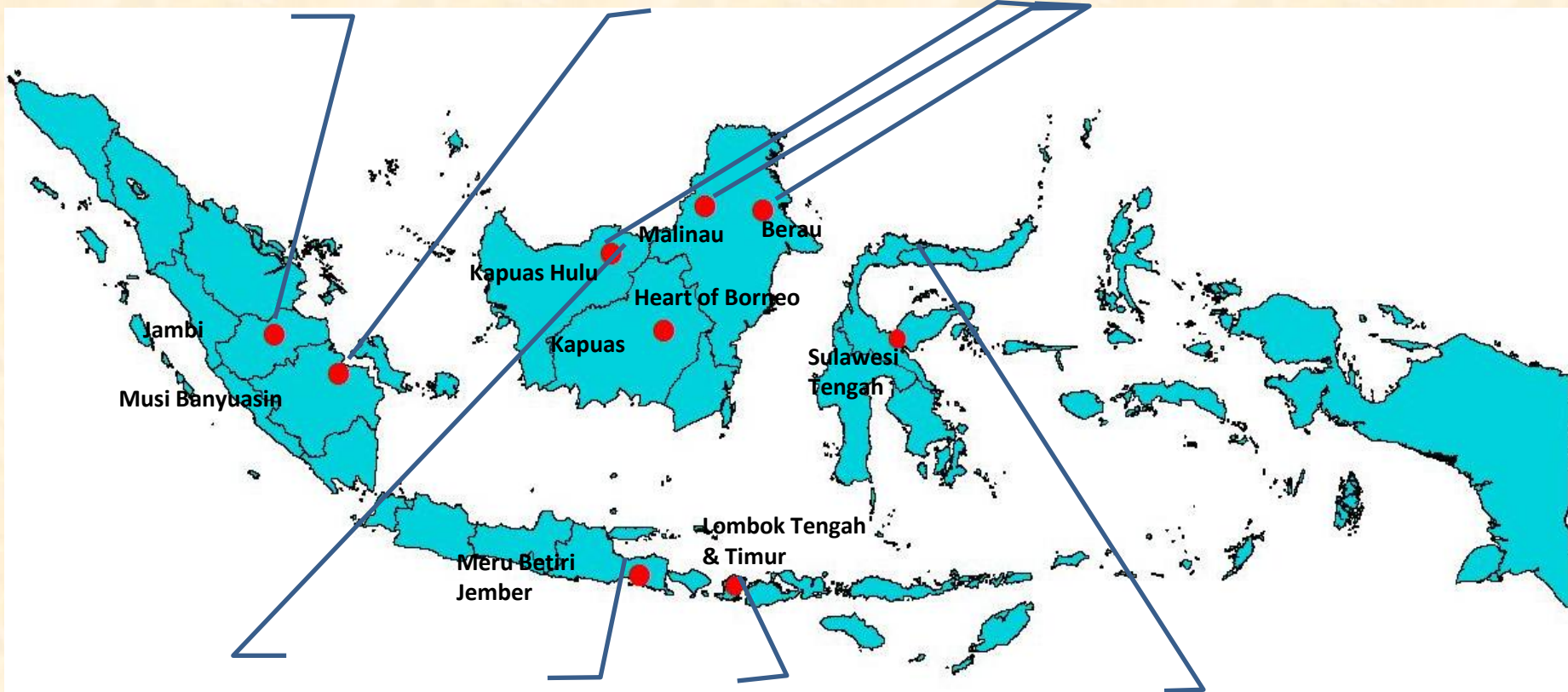
- **PLANTATION FOREST DEVELOPMENT**
- **REHABILITATION/REFORESTATION**

# Demonstration Activities terkait REDD/REDD+

**AusAID:**  
AUD 30 Million

**GTZ Merang:**  
(€ 1,445,255; 2008-11).

**FORCLIME:**  
Modul Keuangan € 20 Millions; 2010-16)  
Modul Teknikal € 7 Millions (2010-12)



**KFCP:** AUD 30 Million

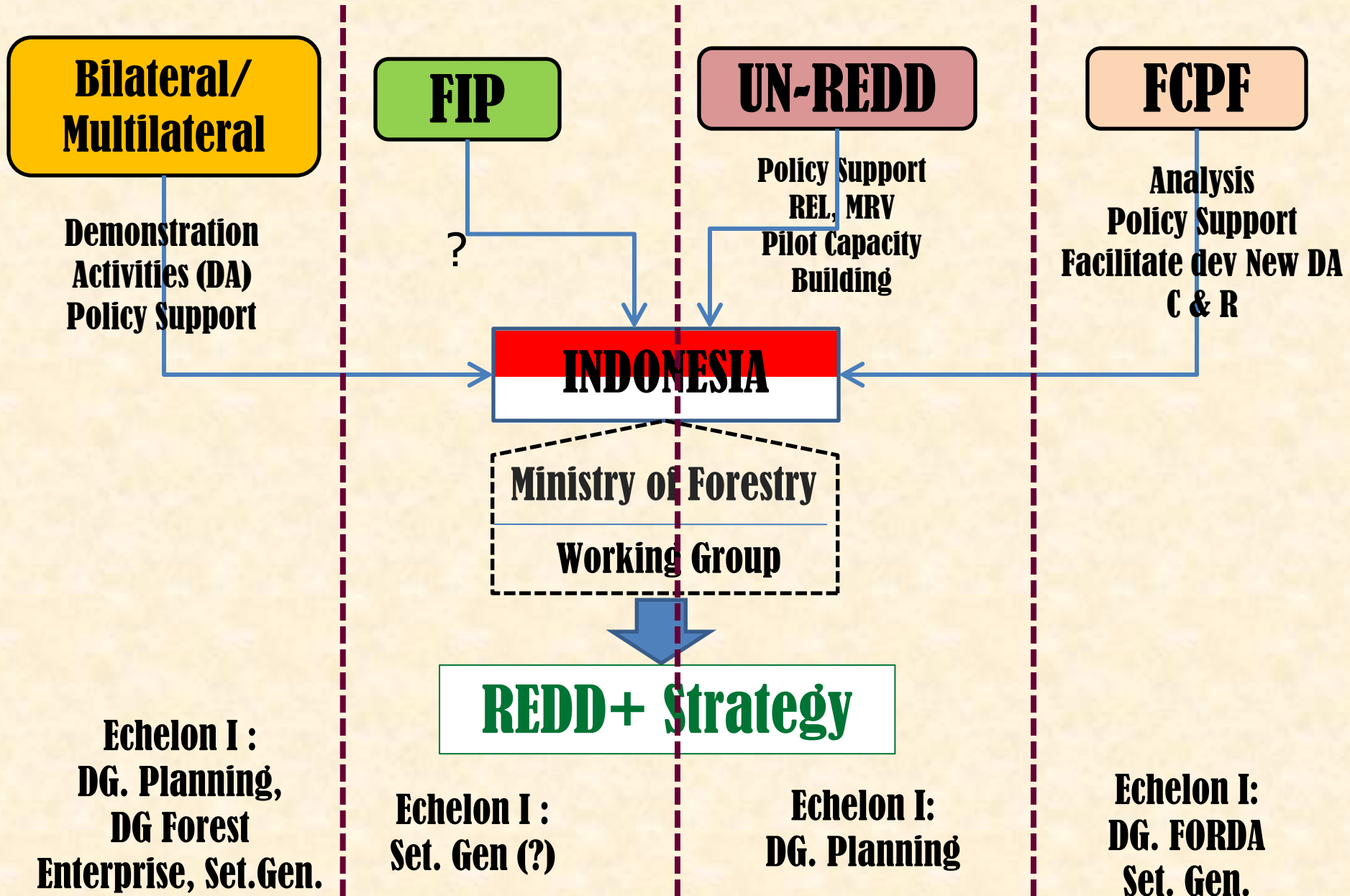
**ITTO:** USD 540,000 (2010-12)

**KOICA:**  
USD 5 Million (2009-13)

**UNREDD:**  
USD 2.2 Million (2010-11)




# LINKS AMONG REDD+ INITIATIVES





- 
- **BILATERAL/  
REGIONAL**
  - **UN-REDD**
  - **FCPF**



**FIP**



# FIP IN INDONESIA

- **Indonesia was selected in the first round in 17 March 2010.**
- **Several national consultations conducted, identifying potential fields of investment, such as:**
  - **ecosystem restoration,**
  - **small holder forest plantation,**
  - **FMU development,**
  - **SFM, and**
  - **forest plantation development.**



# FIP IN INDONESIA

- **Scoping Mission from 9-13 August 2010**
- **Mission meeting with Government:**
  - **finance,**
  - **climate change council,**
  - **national development planning,**
  - **environment, coordinating ministry of economic affairs)**
- **Also with private sector, civil society, and int'l development partners.**



# FIP IN INDONESIA

- Request for **preparation grant** under process with ADB, five national consultants to recruit
- Will include private sector project, possibly on community forest development, involving IFC
- Joint Mission scheduled for January 2010

# Plans for FIP Joint Mission Process in Indonesia

## BEFORE THE MISSION

- Finalize preparation grant, identify and engage consultants
- Mission TOR preparation and GOI, MDB and CIF approvals
- Identify GOI contact points for mission
- Plan stakeholder consultations
- Identify links to FIP IP dedicated grant mechanism

### **Outputs:**

- TOR for Mission
- GOI mission request
- Preparation Grant
- Background materials

## DURING THE MISSION

- Discuss priorities, coordination with GOI and partners, policy and program integration
- Consultations with all key stakeholders
- Site visits for potential project locations
- Identify investments (preparing project concepts) and implementation arrangements

### **Outputs:**

- Draft FIS
- Plan for FIS completion and approval
- Assignment of

## AFTER THE MISSION

- GOI and MDB internal review and comments
- Consult further with stakeholders, as needed
- MDBs Committee submission, and response to comments
- Finalize FIS document
- Submit FIS to CIF Admin Unit according to agreed deadline
- Prepare GOI presentation

### **Outputs:**

- Letter of transmittal to CIF/FIP Subcommittee
- GOI presentation to FIP Subcommittee

# Schedule for Preparation of FIP Investment Strategy in Indonesia

<b>Time Frame</b>	<b>Activity</b>	<b>Principal Outputs</b>
<b>Mid-August to Mid-September 2010</b>	<b>Finalization of Preparation Grant TOR</b>	<ul style="list-style-type: none"> <li>• <b>Joint Communication on Scoping Mission</b></li> <li>• <b>Preparation Grant TOR</b></li> </ul>
<b>Mid-Sep, to Mid-Oct. 2010</b>	<b>Mobilization of Preparation Team</b>	<ul style="list-style-type: none"> <li>• <b>Draft TOR for Joint Mission</b></li> <li>• <b>GoI Request for Joint Mission</b></li> <li>• <b>Preparation grant consultants fielded</b></li> </ul>
<b>Mid-Oct. to Early Nov. 2010</b>	<b>Preparation Team begins work and Update at FIP Meetings</b>	<ul style="list-style-type: none"> <li>• <b>Inception Report from Preparation Team</b></li> <li>• <b>GoI presentation to FIP Meetings</b></li> </ul>
<b>Mid-Nov. to Mid-January 2011</b>	<b>Preparation of Documentation for Joint Mission</b>	<ul style="list-style-type: none"> <li>• <b>Background Materials for Joint Mission</b></li> <li>• <b>Consultations prepared and scheduled</b></li> <li>• <b>Joint Mission TOR approved</b></li> <li>• <b>Overall Mission Schedule finalized</b></li> </ul>
<b>Mid to End Jan. 2011</b>	<b>Conduct of FIP Joint Mission</b>	<ul style="list-style-type: none"> <li>• <b>Mission conducted</b></li> <li>• <b>Consultations held</b></li> <li>• <b>Draft FIS completed</b></li> </ul>
<b>Early to Mid-Feb. 2011</b>	<b>Finalization and Submission of FIS Document</b>	<ul style="list-style-type: none"> <li>• <b>Final FIS Document</b></li> <li>• <b>Letter of Transmittal</b></li> </ul>
<b>Mid-Feb. to Early March 2011</b>	<b>Review of FIS by FIP Subcommittee</b>	<ul style="list-style-type: none"> <li>• <b>Presentation Materials for FIP Subcommittee</b></li> </ul>
<b>Mid- March 2011</b>	<b>Presentation of FIS to FIP Subcommittee</b>	<ul style="list-style-type: none"> <li>• <b>Approved FIS (perhaps subject to adjustments)</b></li> </ul>
<b>After Mid-March</b>	<b>Refinement of FIS Document in response to FIP Subcommittee guidance</b>	<ul style="list-style-type: none"> <li>• <b>Final FIS Document Incorporating FIP Subcommittee comments (if any)</b></li> <li>• <b>Plans for project design phase</b></li> </ul>



# Closing Remarks

- **Challenges**

- **Administration process too slow**
- **to link FIP, UN-REDD, FCPE, and other initiatives in the country**
- **Keep the momentum**

- **Recomendation**

- **Funding mechanism needs clarity, both for public and private sector**
- **Institutional arrangement needs clarity**
- **Avoid unessasary delay**





Thank You