



Ministry of Forestry
The Republic of Indonesia

Update on FIPlan-INDONESIA

Indonesia FIP Team

Early Stage

- Indonesia selected as pilot country by FIP Sub-Committee Meeting, Washington, 17 March 2010
- Scoping mission by MDBs to inform various stakeholders about FIP in August 2010;
- Grant request for preparing forest investment plan in October 2010
- Approval of preparatory grant request for \$225,000 to be administered by ADB on behalf of the government in January 2011

Early Stage (continued)

- Recruitment of Consultants under the FIP preparation grant April 2011
- FIP Inception workshop in April 2011
- FIP Information and Familiarization sessions with civil society and development partners April – July 2011
- FIP information session in conjunction with International Conference on Land Tenure in Lombok in July 2011

First Joint Mission (13-22 July 2011)

- Field visits to Jambi, Central Java, Yogyakarta and West Kalimantan
- Stakeholder meetings (with civil society, private sector, development partners and government line agencies) individually and jointly
- Identification of 8 priority areas for investment based on field visits and stakeholder meetings – September 2011
- Web-posting of Aide Memoire of Joint Mission in Bahasa Indonesia and English – September 2011

Post - First Joint Mission

- Meetings with civil society through Indonesian Forestry Council (Dewan Kehutanan Nasional-DKN) November 2011
- DKN Forum on Climate Change – 8-9 December 2011

Second Joint Mission

12-16 December 2011

- Meetings with civil society, private sector, development partners and line agencies individually and jointly;
- Web-posting of Aide Memoire of Joint Mission in Bahasa Indonesia and English – January 2012.

FI-Plan Preparation

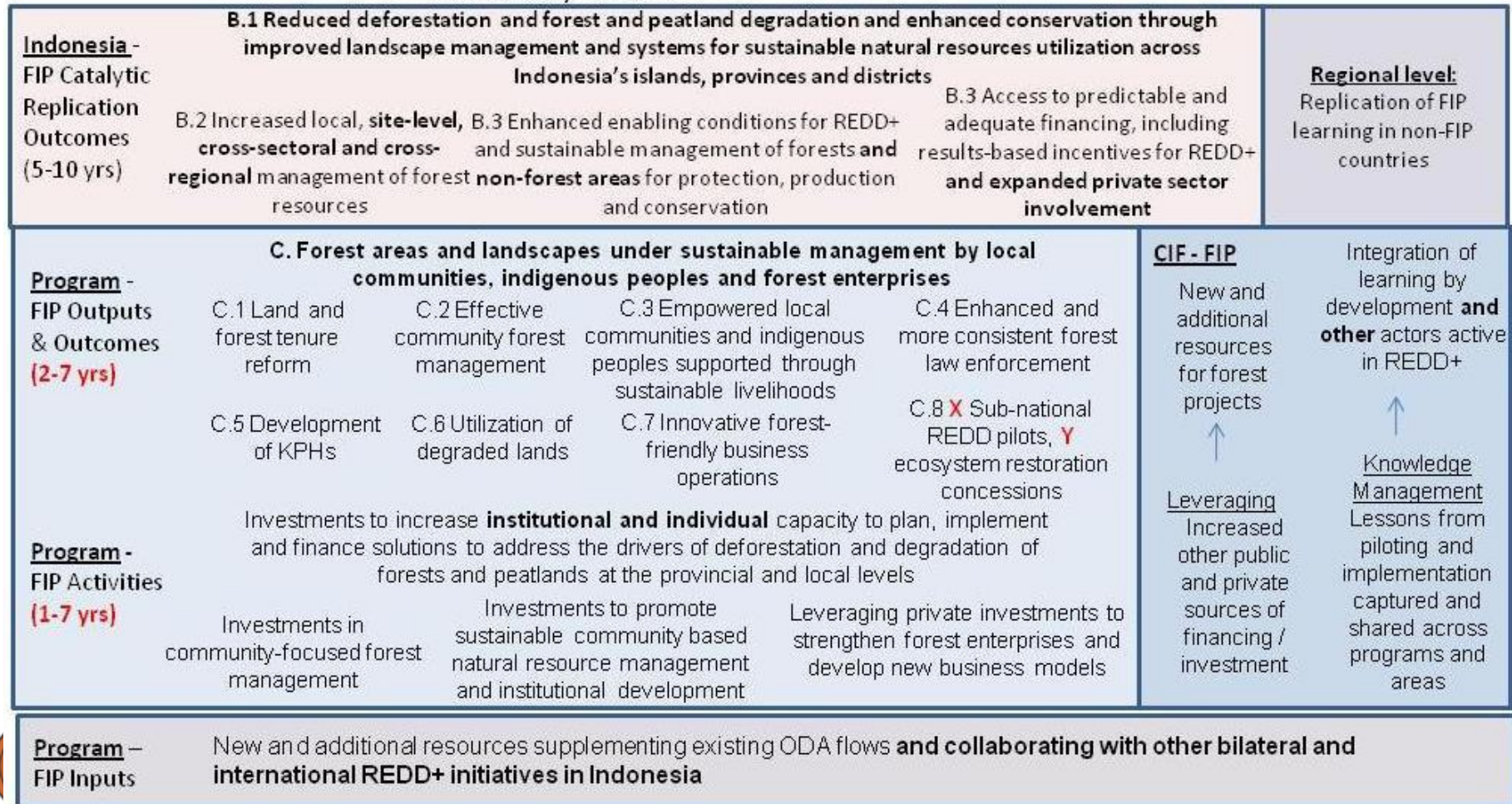
- First draft of Investment Plan completed – February 2012;
- Additional field visit by ADB and the government to West Kalimantan – February 2012;
- Additional meetings with various stakeholders – January-March 2012;
- Web Posting on both Indonesian and CIF sites of Draft Investment Plan in English and then Bahasa Indonesia – March 2012;

Logic Model: Indonesia FIPlan

Global - CIF Final Outcome
(15-20 yrs)

Improved low carbon, climate resilient development

Co-benefit objective 1: Improved quality of life for local communities, indigenous peoples, women and vulnerable groups through poverty reduction, exercise of rights, and development of forest-friendly economies



1. FIP Public Sector Investment Project (ADB) - \$17.5 M

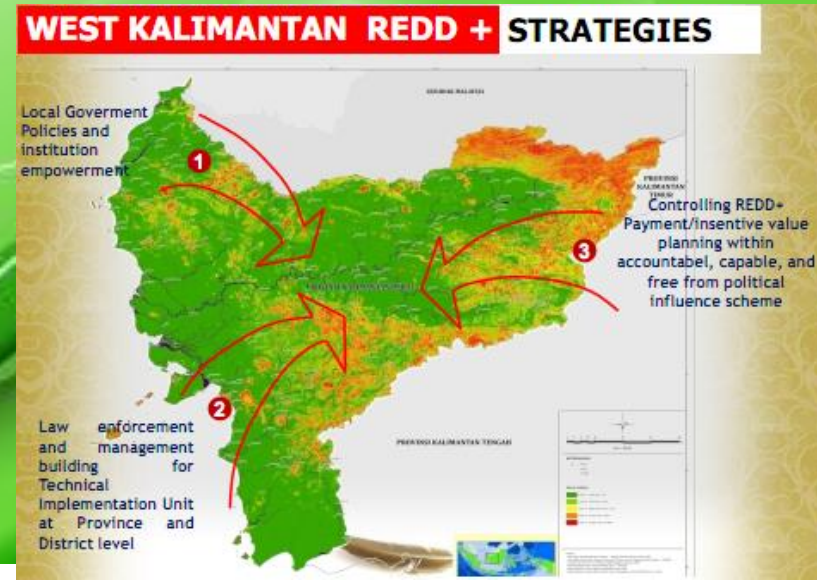
Objective: Development and diffusion of improved models for community-focused forest management and the ability to tap REDD+ financing.

Project area: West Kalimantan, focus: Sintang & Melawi Districts

Key activities:

1. Development of a comprehensive provincial REDD+ plan tied to National REDD+ Strategy, including capacity building, policies addressing key drivers such as illegal logging and land tenure reform
2. Preparation of detailed spatial and land-use plans for select districts through KPH to prepare and to develop community-focused REDD+ pilots, including alternative activities that utilize degraded lands.
3. Links with the ongoing Heart of Borneo Initiative

Outcomes: Pressures on forests reduced; drivers of deforestation and forest degradation addressed; rights of forest-based communities safeguarded and local benefits maximized



2. FIP Public Sector Investment Project (WB) - \$17.5 M

Objective: Sustainable community-based natural resource management and institutional development for KPHs

Key Activities:

- (i) Support for KPH REDD+ capacity building as related to community interactions and land tenure**
- (ii) Support for village-level land-use planning**
- (iii) Support for community livelihoods development and natural resource management by leveraging other resources, such as PNPM, Norway Lol, etc. and**
- (iv) Development of institutional and technical arrangements for REDD+**

Outcomes: rights of forest-based communities safeguarded, increase land use planning and community based economic development, institution capacity strengthened

3. FIP Private Sector Investment Project (IFC) - \$35 M

Objective: Strengthen productive capacities and business skills of small, medium and large enterprises, with co-benefits to smallholders and communities dependant on forests.

Key Activities: Motivated enterprises in forestry sector will be selected to reduce forest degradation and enhance forest carbon stocks. Enterprises in other sectors affecting forests will also be considered.

- ❖ **Interventions prioritized according to:**
 - **Potential for forest carbon emissions reductions via business based mitigation activities**
 - **Potential for replication and scaling up**
 - **Business viability**
 - **Ability to meet due diligence requirements and adhere to MDB safeguards**
 - **Ability and motivation to strengthen organizational and business capacity**

Feedback from CSOs

(Letter from 10 Signatories on 16 March and email from Solidaritas Perempuan seeking postponement of submission)

Comments	Responses
<ul style="list-style-type: none">▪ Unavailability of Bahasa Indonesia version on website at the same time as English version▪ Review period too short (2 weeks)▪ Previous public inputs not duly considered▪ Roles of customary law and local communities needing stronger consideration▪ Need for synchronization with REDD+ National Strategy.	<ul style="list-style-type: none">▪ Differences between investment plan and individual project preparation need to be understood▪ Bahasa version posted 12 days after English version▪ Originally 4 weeks given for review (review period now extended)▪ Attempt made to fully consider all public inputs▪ Local communities to be more effectively involved at stage of project design & implementation▪ Draft National REDD+ Strategy strongly considered in IP design

Feedback from Head of Presidential REDD+ Task Force

Comments	Responses
<ul style="list-style-type: none">▪ Appreciated KPH (forest management unit-FMU)-based approach in FIP implementation, which is in line with National REDD+ strategy▪ Need to strengthen public consultations▪ Need to further promote links to draft REDD+ National Strategy▪ Suggested to postpone submission of IP for endorsement	<ul style="list-style-type: none">▪ FMU will be a good entry point for FIP interventions, wherever feasible▪ Asked Indonesian Forest Council to conduct additional consultations; REDD+ Task Force member invited to join▪ Links to draft National REDD+ Strategy to be strengthened further during project design and implementation▪ Decided to postpone IP submission

Feedback from Independent Reviewers

(Both's comments are generally positive and supportive of the plan)

Comments	Responses
<ul style="list-style-type: none">▪ Need for identification of infrastructure framework of forest and tenure governance; Additional technical assessment on REDD+ design recommended▪ Preparation of an annex listing the types and categories of stakeholder groups and perspectives represented was suggested.▪ Need to strengthen links to the draft REDD+ National Strategy	<ul style="list-style-type: none">▪ Further views from the reviewer have been sought, and they will be reflected in the updated plan.▪ Annex 2 is being modified to reflect reviewer's views; More time is now being provided for consultations (but more budget will be required).▪ Links to draft REDD+ Strategy will be strengthened further during project design and implementation.

Feedback from Independent Reviewers (Continued)

Comments	Responses
<ul style="list-style-type: none">▪ “Time framing” needed to guide stages of activities. Interdependency of 8 ideas and order in which each is addressed. Project descriptions could be enhanced with an indication of order and timing of initiatives related to policy priorities.▪ Little, if any, consideration of gender dimensions in the IP, and project concepts.▪ Important to support studies, public consultation meetings as well as empowering regulations that offer space of options for various institutional models of FMUs based on the local specifics.	<ul style="list-style-type: none">▪ The issues identified will be addressed during project design reflecting local circumstances.▪ Some projects already consider gender dimensions, but they will be reinforced in all projects.▪ Stakeholder inputs on FMU initiatives in FIP will be addressed in project proposals.

Feedback from Independent Reviewers (Continued)

Comments	Responses
<ul style="list-style-type: none"><li data-bbox="117 358 1054 822">▪ The scale of investments in direct poverty reduction and livelihood promotion is relatively modest compared to the total IP budget. Useful to define more options of smallholder forest programs, additional to the current schemes.<li data-bbox="117 843 1012 965">▪ IP does not include an explicit cost effectiveness analysis.<li data-bbox="117 986 1054 1315">▪ Very difficult to estimate direct GHG savings in investment plan, since there is no single approved methodology, nor approach which is applicable to all contexts.	<ul style="list-style-type: none"><li data-bbox="1093 358 1808 615">▪ All three components focus on community forestry, livelihood and community benefits at large.<li data-bbox="1093 636 1808 965">▪ Precise cost benefit assessments are difficult at this stage and further analysis will be conducted during project design.<li data-bbox="1093 986 1808 1315">▪ GHG calculation approaches will be standardized amongst projects and detailed in the proposals.

Feedback from Independent Reviewers (Continued)

Comments

- FIP did not explain explicitly the "transfer of rights" used for each programs (e.g. following the concepts of PES, LR, or PDR).
- Cost-effectiveness: Realizing potential of FIP investments to scale up into self-sustaining operations without subsidies will need careful attention.
- Co-benefits: Project design should aim to minimize trade-offs, and to clarify where these exist. Further opportunities to enhance and optimize livelihood benefits should be explored.
- Implementation potential: Pay attention to substantive content, process design and mechanisms for course correction during the detailed Project Design and Implementation phases. Consider three factors: respect to the local specifics, define "the right of transfers" clearly, and make plan for all stages of investment cycle.

Responses

- Further feedback from the reviewer is sought; Will be addressed in the updated version appropriately.
- Efforts will be made during project design & implementation by getting the right systems of incentive and institutional and regulatory frameworks in place.
- Will be addressed during project design and implementation.

Feedback from Independent Reviewers (Continued)

Comments	Responses
<ul style="list-style-type: none">▪ Monitor progress with tenure reform and adherence to safeguards▪ Mainstream institutional coordination across REDD+ initiatives.▪ REDD+ schemes should be positioned as part of sustainable forest management (SFM). SFM requires economic valuation of forests, trading mechanisms and transactions.	<ul style="list-style-type: none">▪ M&E will be key component of FIP; Progress will be reported at regular intervals;▪ Each project will address coordination processes in the proposals, recognizing that harmonizing institutional coordination is beyond the capacity of individual projects.▪ Suggested options will be addressed in project design but the rules of forest carbon trading are not set yet.

Feedback from Independent Reviewers (Continued)

Comments

- Unclear on whether and to what extent projects funded through FIP would contribute to conversion or degradation of natural forests.
- Higher priority should be accorded to investments to boost or create effective demand for finance from communities, smallholders and small and medium scale enterprises; Development of financial instruments to insure community and smallholder forestry against risk, and means to reduce costs of market entry for start-up and small enterprises should also receive greater support

Responses

- None of the projects will include activities that will support conversion or degradation of natural forests. MDB safeguards will be detailed in proposals.
- All FIP projects will invest in community-based initiatives and SMEs. Suggestions will be elaborated in detailed project proposals.



Thank You