

Indonesia

Context

Forest and peatlands are critical for emission reductions in Indonesia with over 51% of the emission reductions proposed in the Nationally Determined Contributions to the UNFCCC being dependent on improvements in forest land and fire management. Indonesia has established most of the basic REDD+ requirements. A REDD+ strategy and safeguards are in place, and REDD+ is embedded in Indonesian nationally determined contributions and in the 2014-19 mid-term development plan. Indonesia has submitted a Forest Reference Emission Level (FREL) which successfully underwent a technical assessment by the UNFCCC in 2016. The UNFCCC FREL assessment includes suggestions of opportunities for improvement of the National Forest Monitoring Systems (NFMS) that form a major part of the support package that will be provided through UN-REDD in 2018-2020. The establishment of a funding instrument that will receive all REDD+ finance into Indonesia is currently a high priority action for the Government.

A key issue for REDD+ in Indonesia is fire management. Fires are increasing in severity and extent and the disastrous 2015 fires burnt over 2.6 million hectares and caused Indonesia losses of US\$16 billion - regional and global costs would be much higher - and emitted 1.75 GtCO₂e¹ (more than three times the annual total emissions from the UK of 0.52Gt in 2014). In response to 2015 fires and related haze disaster, the Government of Indonesia made a commitment to restore over 2.5 million ha of degraded peat by 2020. To facilitate these efforts, the Government issued significant new legislation, including Presidential Regulation 1/2016, which led to the establishment of the Peat Restoration Agency (BRG) to coordinate this effort announced at the Paris COP. Furthermore, the current moratoria on expansion of palm oil have been re-extended. The BRG has recently revealed ambitious plans, which could result in a total GHG emission reduction of around 1 Gigaton CO₂e by 2020. The aim of the UN-REDD Technical Assistance is to support the Government in the implementation of its REDD+ architecture and the achievement of its emission reduction targets – although many factors and actors outside of the Programme's control will need to align to meet the target. Faced with these daunting challenges (which are facing strong opposition from key corporate actors), the Government has requested UN-REDD assistance to accompany the reform and implementation process through provision of technical expertise, and sharing of experiences with other countries.

Another essential context for REDD+ is the land reform agenda initiated by President Jokowi. The targets are ambitious and could lead to 12.7 million ha of land (around 10% of the national forest estate) without forest cover being removed from the forest estate and distributed to small-holders; in addition, around 5 million ha will be transferred to communal management based on customary tenure arrangements. The UN-REDD Programme's expertise on REDD+ safeguards, stakeholder engagement, and spatial planning could be useful in this process. However, supporting the complex land reform agenda would require intensive and in-depth technical assistance, and targeted South-South learning, which are currently beyond the financial scope of this workplan.

Rationale and approach

While the Government has high capacity in many technical fields of REDD+, the political context remains volatile and UN assistance to provide sound technical expertise (and experience from other countries) for

¹ World Bank, Indonesia Economic Quarterly, December 2015. Available at: <http://www.worldbank.org/en/news/feature/2015/12/15/indonesia-economic-quarterly-december-2015>

the optimal design and the effective implementation of legislation is requested. The 2018-2020 Technical Assistance package requested by the Government will address the three most challenging forest/natural resource management issues: fire/peat management, fund development, and MRV:

1. **Addressing Indonesian land and peat fires**, with three key elements:
 - a. Fire prevention/suppression;
 - b. Peat restoration, and consequently improved peat land management as outlined in recent legalization, based on Government set policy framework;
 - c. Sustainable livelihoods on restored peat.

2. **Investment planning and national fund development:**
 - a. Support to the REDD+ investment planning process, including support to 1) development of quality REDD+ programme proposals to the BLU, 2) operationalization of REDD+ implementation arrangements (e.g. monitoring and evaluation framework, social safeguards), and 3) support to subnational REDD+ planning in priority provinces.
 - b. Following the establishment of the BLU (a fund to combine all key financial flows for REDD+, including results-based payments) and its governing principles in 2017, support to the operationalization of the funding mechanism, drawing on international best practice and lessons learned, key standards and operational modalities for the BLU.
 - c.

3. **Major improvements to Indonesia's National Forest Monitoring System (NFMS)**. At the request of the Government, initial work on improving the approaches to National Forest Monitoring Systems (NFMS) and assessing land use and land use change through remote sensing has been initiated using the FAO Open Foris Collect Earth tool in 2016 and the Norwegian funded SEPAL satellite image processing system using cloud-computing power in 2017 to dramatically enhance the forest mapping capabilities. This work is well underway and will be built on and expanded in 2018-2020 to nationalize and institutionalize the approaches to ensure the government meets data requirements for UNFCCC reporting and thereby facilitate access to results-based finance. This work will initiate a major improvement in the National Forest Inventory that is a critical component of REDD+ reporting and GHG inventory.

Technical Assistance requested

Based on discussion with the Director-General, the leadership of the Peat Restoration Agency, and senior scientific advisors to the Government, the following technical assistance has been requested:

- 1) **Fire and peat related actions:** focus on review and further improve relevant legislation and fire risk and vulnerability mapping system; and support roll-out in the field. This will include aligning the fire risk monitoring system (FRS) with climate vulnerability index, which will combine social economic and biophysical vulnerability criteria. This can be used to assess performance and guide jurisdictions to address vulnerability to fire, hence reduce fire risks and fire related GHG emissions. The FRS is currently already being used to mainstream fire vulnerability in spatial planning and development planning. This could later be linked to possible fiscal transfer based on performance criteria.

- 2) **Assistance with REDD+ investment planning** and the operationalization of Indonesia's national REDD+ fund (BLU);

3) Improvements to Indonesia’s National Forest Monitoring System (NFMS) have already begun and will be expanded in 2018-2020 with FAO technical support to redesign data collection, processing using new technology systems and capacity building of key GoI staff. Indonesia is wanting to move forward with sub-national REDD+ approaches and delegate responsibilities to decentralized agencies as a way of incentivising them to deliver improved management that reduces emissions. FAO can design and deliver technical systems and strategic advice to develop innovative TA on spatial data approaches and to evaluate the issues and options around subnational approaches and disaggregation of FREL amounts.

Results Framework

| UN-REDD TA outputs (*) | UN-REDD agency | Timeline (year/s) | Indicators (**) | Baseline (***) |
|---|-------------------|-------------------|--|---|
| <p>Output 2.1 Improved National Forest Monitoring Systems and submitted Reference Levels conforming to UNFCCC requirements</p> <p>Under Outcome 3: Output 3.3:</p> | FAO | 2018-2020 | <p>2018:</p> <p>a) NFMS improvement plan developed in 2018 and progressively implemented to 2020, to improve quality, completeness and accuracy of the NFMS including assessment of the options and implications of sub-national scales for REDD+</p> <p>2019:</p> <p>b) Improved national data and NFMS to enable GoI to deliver improved FREL reports (e.g. improved time-series activity data and additional REDD+ activities)</p> <p>2020:</p> <p>c) Improved Emission Factors (EFs) developed and applied in reporting (MoV: BUR and other official country reports) (MoV: official NFMS reports which use improved emission factors and activity data)</p> <p>2020:</p> <p>d) Improved coordination and strengthened institutional arrangements for REDD+ monitoring and reporting: Government agencies are using the improved NFMS systems to support PAMS implementation through near-real time monitoring (MoV: official country reports)</p> | <p>FREL submitted 2016 identified 14 areas for improvement</p> <p>Weak activity data in 2016 NFMS and FREL</p> <p>No EF’s for peat, fires, mangroves etc.</p> <p>Historically weak or very slow feedback from NFMS systems, e.g. annual map updates only.</p> |
| <p>Output 3.1: Results-based payments at sub-national level are effected</p> | UNDP ² | 2018-2020 | <p>2018:</p> <p>a) Clear policy benchmarks for performance-based payments established</p> <p>b) Government-endorsed investment plan for the national funding instrument developed, including a monitoring and evaluation framework</p> <p>c) Technical documents drafted to be incorporated in the regulations/decrees required to set up the fund (MoV: officially published regulations/decisions fund and BLU documents)</p> <p>2019:</p> | <p>Draft regulation under discussion, fund is not operational yet</p> <p>No REDD+ investment plan in place and no project / programme proposals prepared</p> <p>No modalities for results-based payments in place</p> |

² UNDP and FAO activities in this work plan are still undergoing consultation with government counterparts and as such might be subject to adjustments.

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| | | | <p>d) REDD+ programme/project proposals delivered for the BLU</p> <p>2020:</p> <p>e) Results-based payment mechanism developed and funding instrument is disbursing (MoV: published payment mechanism and plus fund and BLU documents/reports)</p> | |
| <p>Output 3.2: Effective peatland- and forest fire management, and peat restoration as REDD+ Policies/ Measures³</p> | UNEP | 2018-2020 | <p>2018:</p> <p>a) Lesson learnt assessment on initial peat restoration efforts published</p> <p>b) Guidelines and policy support documents developed</p> <p>c) District-based capacity for peat rehabilitation in the 8 most fire vulnerable districts</p> <p>d) BRG is displaying and sharing key lessons learned to Global Peatlands Initiative partners (MoV: Government of Indonesia meeting minutes/ official reports).</p> <p>2019:</p> <p>e) The FRS: Fire Risk System (piloted in 2017 by UNEP GAMBUT project) covers at least half of all 10 fire vulnerable provinces</p> <p>f) Peat land use management guidelines based on Gov. regulation 57 developed</p> <p>g) Technical guidelines for peat restoration are in place (MoV: Government of Indonesia meeting minutes/reports; Provincial government fire management reports)</p> <p>2020:</p> <p>h) Guidelines are tested and enacted</p> <p>i) 4 commodity value chains strengthened for peat commodities (including from paludiculture) (MoV: BRG minutes/reports; Provincial government reports)</p> | <p>Policies under development</p> <p>Only two provinces have peat restoration capacities at present</p> <p>Only two pilot provinces use FRS (Riau and Central Kalimantan)</p> <p>No guidelines at present No guidelines at present None (beside gelam, <i>Melaleuca cajuputi</i> and <i>M. leucadendra</i>)</p> |

Risk assessment and mitigation

| Risk description | Rating | Mitigation measure |
|--|-----------------|--|
| External risks | | |
| Implementation of all activities and achievement of outputs depends on Gol commitment and adequate funding | P=Med I=High | Consultation with Gol to resolve if any issues; early consultation with Gol and donors to ensure funding and staffing are available. Flexibility in work-plan activities and timing may be needed. |

³ In support of pp 57/2016 juncto 71/2016 and presidential decision 1/2016

| Risk description | Rating | Mitigation measure |
|---|-------------------------------------|---|
| The advice/recommendations of the UN-REDD team are not adopted by the governments or stakeholders in country | P= Low I = High | As above, in principle the TA has been broadly identified with counterparts. However it is uncertain how and what outcomes of this TA will be taken on. In cases where advice or expertise is not taken on board, the impact will be quite high as the programme would have failed to deliver relevant, quality or applicable advice. |
| The demand for Technical Assistance has greatly outstripped available funding. There is a risk that the Government sees the UN as a partner that cannot deliver what is requested. | P= High I=High | Actively raise additional funds (including from Norway through bilateral funding), in particular to support the Government in the historic land reform agenda which will have a huge impact of forests/land-use, but which is currently outside of the financial scope of the Technical Assistance. |
| The experience in the last years has shown that Technical Assistance demand is often in response to shifting political priority. For the current administration, land reform and fires are clear priorities. The Indonesian context, which is influenced by the Letter of Intent between Indonesia and Norway, has frequently created new approaches like sub national FRELS. | P= High I= High | Remain flexible, and agree on annual workplans with the Government. Continued and extensive consultations with the REDD+ focal point and the Director-General for Climate Change, and keep key partners/donors informed. Last year showed that policy priorities are shifting but determine Technical Assistance needs/demand from the Ministry of Environment and Forestry (MOEF). The lead advisor will be empowered to call in Technical Assistance on a demand basis at the requests of MOEF. |
| A future strong El Niño might further reduce the reputation of Government ability to prevent and manage fires but may possibly lead to strengthening the emphasis on fire prevention and management | P=High I=Medium | There is already a strong and growing emphasis of Technical Assistance on fire management. A further devastating fire season due to unseasonal drought may further attract donor funding (bilateral or GCF) to Indonesia, for which both Government and UN-REDD are prepared. |
| The advice/recommendations of the UN-REDD team are not taken up and insufficient expertise is available (at global level) to fully cater to Indonesian needs. | P= Low I = High | The ability for Technical Assistance uptake is flexible and requires a more hands-on approach, through strong in country presence and more engagement of local entities. In addition engage through grant local entities in the work. |
| Establishment of BLU requires political decisions and results from political compromise that the UN-REDD programme can support or facilitate but cannot fully control | P= Medium I= High | Constant dialogue with government counterparts and other partners to be able follow political priorities and adjust process and the deliverables accordingly (for example if a BLU is politically not feasible, another mechanism could be used on a temporary basis to channel funding etc.) |
| The institutional coordination between national agencies is beyond the direct control of the UN agencies and sometimes difficult due to unpredictable political or personal factors that are unforeseeable. | P = Medium I = possibly High | Wide and frequent consultation with key partners and stakeholders, especially implementing agencies. Flexibility in work-plan activities and timing may be needed. |

| Internal | | |
|---|-------------------|---|
| The presence of in-country support through longer missions is requested from Governments and increases costs beyond what is planned for. | P= Low I =High | The budget covers primarily regional and global staff costs and contracts, with some resources allocated to missions and other local costs. Should certain support and expertise require longer missions/presence in country, the limited financial buffer would imply reallocating from one country to another or from one activity to another within the same country. The programme will undertake an annual revision of TA and budgets to determine what flexibility is available and table such reallocations for approval of the concerned country. |
| The number and technical quality of international experts and in-country support may fluctuate and depends on continuity of work contracts and funding and compared to alternative opportunities. | P= Med I =High | The budget covers primarily regional and global staff costs and contracts, with some resources allocated to missions and other local costs. Longer contracts that match budgets and the strategic plan objectives will help ensure that experienced staff remain in the Programme and are committed to delivering the outputs and results to 2020. The programme will undertake a mid-term revision of TA and budgets and make adjustments within countries first and if necessary between countries or agencies if necessary. |

National ownership and sustainability

The document builds on on-going and continuous consultations in the context of the 2017 Technical Assistance, and has benefitted from direct input by the Director-General for Climate in the Ministry of Environment and Forests, as well as the Government's Senior Scientific Advisor. Bilateral meetings were also held with the Director of the Peatland Restoration Agency, and the Royal Norwegian Embassy, to discuss main outputs and deliverables. Over the coming weeks (in May/June 2017), additional missions by senior UN-REDD staff will allow for bilateral discussions with senior Government officials in Indonesia and on the margins of international meetings. This will provide additional opportunities to further detail the workplan activities, which will be adapted to reflect the outcome of these further consultations.
