



UNORCID

United Nations Office for REDD+ Coordination in Indonesia

REDD+ INDONESIA NEWSLETTER

August 2015

Vol. 2 - No. 8



Inside

Land Degradation likely to hit “Rock Bottom” without Agroforestry Investments

Tony Simons, World Agroforestry Center, Kenya 4

Research Studies on REDD+ in Indonesia

Evidence-based insights on REDD+ 10

Fourth US-Indonesia Energy Investment Roundtable

The Frontiers of Energy Exploration 11

Interview of the Month

Mark Burrows, MD and Vice-Chairman of Credit Suisse 12

Governors’ Climate & Forests Task Force

Indonesian Governors Aim to Reduce Deforestation 14

Strategic Partner Profile

KpSHK Supporting Community-Based Forest Management 19



UNORCID (United Nations Office for REDD+ Coordination in Indonesia) is the UN System focal point for REDD+ in Indonesia. Building on the competitive advantage and domain expertise of ten UN System entities (FAO, ILO, UNDP, UNEP, UNESCO, UNODC, UNOPS, UNU, UN Women and WFP) and numerous civil society partners, UNORCID provides decision-makers and stakeholders at all levels with relevant information and tools to support successful REDD+ implementation in Indonesia. UNORCID was inaugurated on 17 November 2011 by the UN Secretary-General, Ban Ki-moon, following the signing of a Memorandum of Understanding (MoU) between the Republic of Indonesia and the UN System in September 2011.

Strategic Partners

United Nations System:



Empowered lives.
Resilient nations.



Civil Society, Research Institutions and the Private Sector:





Welcome to the August edition of the Indonesia REDD+ Newsletter.

Our guest column this month is contributed by Dr. Tony Simons, Director General of the World Agroforestry Centre (ICRAF). ICRAF has been a leading advocate of the 'landscapes' approach, and Dr. Simons illustrates the main principles of this approach with reference to agroforestry. He relates evidence from Indonesia demonstrating the great potential for agroforestry as a means of achieving multiple environmental objectives - forest restoration and land rehabilitation among them - along with improvements in terms of socio-economic indicators.

The dynamics of the green economy transition within the global financial sector is a focus of several articles, and in particular the language of risk, which provides a link between the prerogatives of conservation on the one hand and investment on the other. We profile some of the initiatives that are emerging for understanding and addressing this risk, including the Natural Capital Declaration's Soft Commodity Forest-Risk Assessment tool, and a report by the UN-REDD Programme which highlights how soft commodity risk policies could help to achieve REDD+ objectives.

This month's interview is with Mark Burrows, Managing Director and Vice Chairman, Global Investment Banking, Credit Suisse who is a leading voice within the financial industry advocating for - and facilitating change towards - greater alignment with sustainability prerogatives. He points out that achieving this outcome is not just a matter of creating tools, but about communicating more effectively between different actors, and creating the appropriate incentives to shift perspectives from short to long-term.

I am very pleased to announce the publication of two new research studies by UNORCID, on topics that are critical to continued progress in REDD+ implementation in Indonesia. Social and environmental safeguards for REDD+ - the topic of the first report - are considered a key element in ensuring that outcomes are not merely efficient but also equitable, and supportive of a broader inclusive green economy transition. The second report addresses the topic of a financial instrument for REDD+ in Indonesia, analyzing past experience in designing a blueprint and providing recommendations. Both of these topics are important not only to the Indonesian context, but within the broader scope of international REDD+ deliberations.

I hope you find our newsletter informative and interesting, and, as always, I sincerely welcome your feedback.

A handwritten signature in black ink, appearing to read 'Satya S. Tripathi'.

Satya S. Tripathi



Dr. Tony Simons
Director General, World Agroforestry Center, Kenya

Land Degradation likely to hit “Rock Bottom” without Agroforestry Investments

It is a pretty scary world when we think that we currently have more degraded land than arable land, that we have lost more forest than we have remaining, that energy scarcity affects one third of world’s population, and that there are more people with mobile phones than toilets. Not forgetting that in the next three decades we plan to squeeze another 2.5 billion people onto our planet’s estate. At the end of the day it all comes back to resource utilization, social equality and natural capital – and at the heart of this is land management.

For too long in the tropics we have looked at land management in a uni-dimensional way focusing on various iterations of largely sectoral land-use planning exercises. Another study, another project, another future promise and usually in the absence of any integrated approach. Even if the lofty plans of extractive industries, of forestry, of agriculture and of watersheds get partially implemented before the next planning cycle we typically ignore the interactions, the externalities and the trade-offs. And yet, we do so at our own peril whether it be top down, bottom up or middle out.

Geographers take us further with two dimensional maps with an enviable artist’s palette of greens, blues and browns identifying the priority spectrum of natural capitals. Because land is seen as the tangible soil surface and what can be taken, conveyed, owned, grown or captured from it. Some successes occur in sustainable land management balancing well the generative capacity of land with the goods and services derived from it. However, the unfulfilled pledges,

commitments and new initiatives generally outweigh tangible advances. Thus, large portions of land in the tropics are over-exhausted and nearing collapse – and sadly their regenerative capacity is not infinite. And even the sustainably managed areas have a burgeoning and urbanizing population threatening it just over the horizon.

So what multi-dimensional approaches are we missing? What opportunities exist and at what locations? What does success look like? We shall come back to that in the conclusion, but worryingly failure is easier to identify. A staggering 2 billion hectares of our precious earth are degraded - some a little bit, some to a moderate extent and some beyond recognition. But degradation is a fairly passive noun. Humiliation, shame or abasement might be more apt based on the numerous independent assessments we have of just how fragile and exposed our mother earth has become.

Humans often accelerate land degradation with removal of natural vegetation and specifically slash-and-burn techniques for land clearing, especially on sloping lands. Nature’s response is colonization with pioneer species such as Imperata grasslands (alang-alang). For Indonesia as a whole, the ALLREDDI project documented an increase of Imperata grasslands in the 1990’s followed by a decrease after 2000. Enigmatically, some of the worst ongoing land degradation occurs where farming is most intense. The Dieng plateau in Central Java is one such example driven by the continued high profitability of potato production. A recent

study confirmed that all farmers are aware of the issue, know that tree planting would reduce erosion, but reject most offers for financially assisted tree planting on say 20% of their lands, as this would reduce income for now.

A third volumetric dimension of land, namely land depth, is logical to identify with. Above the parent rock strata lies the soil layer, made up of inert and biotic components. This soil layer is still a work in progress and one that started chemically 4.5 billion years ago and biologically some 3.5 billion years ago. It takes roughly 100 years to build up 2cm of topsoil yet it can be destroyed overnight. We might be able to lose it overnight but sadly we cannot fix it overnight, either "rock bottom" up or soil surface down. Soil is not just an aggregate of sand, silt and clay but has an important organic component containing a majority composition of carbon.

Soil organic carbon is what holds the sand, silt and clay together enabling it to resist wind or water erosion. It makes soil a sponge rather than a sieve when it rains giving it that defining water holding capacity. Soil organic carbon is the fabric for soil life and diversity to flourish. Although it may be hard to see, this dispersed soil carbon mass is the largest single pool of terrestrial carbon (2,200 Gt) outshining terrestrial vegetation by a factor of over three to one. But the carbon in the soil is more than a series of covalent bonds as soil organic matter as it is strongly associated with soil health, and accordingly land health.

Although much emphasis is currently placed on soil carbon as a potential sink for atmospheric carbon to offset climate change, the real benefits are much wider and include:

- Greater vegetative productivity
- Enhanced soil flora and fauna and hence more resilience to shocks
- Reduced erosion and sedimentation
- Better water balance and groundwater recharge
- Less polluted waterways

Which brings us to the topic of forests, or more precisely trees. No organism is better than a tree at sequestering atmospheric carbon, at boosting soil carbon, at bringing water up from depth, at providing a frame for biodiversity to thrive. Indonesia has made some of the greatest strides in better governance and assessment of forest scope and condition – and much with the able support of UNORCID. National government and corporate programmes have emerged to reverse deforestation and degradation, which in essence aim to reverse land degradation. The challenge now is to connect the dots – and here Indonesia is not alone.

As devastating as the ongoing loss of natural forests has been in the past we are now observing increasing tree cover in agricultural lands, a process also known as agroforestation. An important driving force for this is emerging markets for 'fastwood' species such as 'sengon' (*Paraserianthes falcataria*) helped by the deregulation that took this wood out of the domain of traditional permits. Several districts in Central Java have seen their rural economies turn around in parallel with the sengon revolution.

From a humble 19 million hectares in 2011, the Bonn Challenge has swelled to 100 million hectares of pledges for Forest Landscape Restoration by national governments. And more ambitiously the New York Declaration on Forests trebled that target with an additional 200 million hectares earmarked for restoration. Three approaches of plantations, restoring natural forest and agroforestry (trees in agricultural lands) are envisaged and many practitioners credit agroforestry as being the most promising option. In total, this fixes 2 Gt CO₂ equivalents per year and fixes about 7.5% of global forest cover – but what about the rest? That is a defining question for our generation.

Indeed, often it is difficulties with definitions that frustrate concrete efforts to improve. Internationally, a rubber tree (*Hevea* sp.) used for timber is part of a forest but a rubber tree used for latex is part of "non-forest" – even if the two trees are side by side. A piece of land with 25% tree cover may also be "non-forest" and yet a piece of nearby wooded land that has been clear felled to contain no trees is classified as a forest that is temporarily unstocked.

One unstocked area, Gunung Kidul, which was synonymous in the past with the worst land degradation in Indonesia is now one of the greenest. The 'restoration' that took place there is coupled to a major demographic transition - rural people taking up urban jobs, remitting income to family members who stayed behind, and part of which was invested in tree production on the infertile soils, depleted by over-cropping in the past. Valuable trees such as teak provide healthy 'returns to labour' if one has time to wait. More changes in the rural-urban continuum can drive other success of the 'rehabilitation' of degraded lands through agroforestry.

Indonesia has been quite progressive in the way it approaches all these issues with few concessions to theoretical idiosyncrasies. With fewer un-regulated forest concessions, greater corporate responsibility and local grass roots engagement real progress in forest and agroforestry landscape management beckons.

Developing Forest Reference Emission Level

Under the United Nations Framework Convention on Climate Change (UNFCCC), the UN-REDD Programme released a publication to assist interested countries in the development and implementation of the Forest Reference Emission Level and/or Forest Reference Level (FREL/FRL). Linked to a country's National Forest Monitoring System (NFMS), both FREL/FRL benchmarks focus on assessing participating country's performance towards implementing REDD+ activities. Although similar, a FREL/FRL differ in one important aspect: A FREL only includes activities that reduce emissions (i.e. REDD+), whereas a FRL includes emission reduction activities as well as activities that increase removal of greenhouse gases from the atmosphere such as the enhancement of carbon forest carbon stocks.

The recent UN-REDD Programme publication entitled "Technical considerations for Forest Reference Emission Level and/or Forest Reference Level Construction for REDD+ under the UNFCCC" is based on a keystone 2014 publication also by the same organization entitled "Emerging approaches to Forest Reference Emission Levels and/or Forest Reference Levels for REDD+". Building on the 2014 document that provides an overview and analysis of FREL/FRL demonstration-based approaches proposed by developing countries, the 2015 publication provides a structural overview of UNFCCC submission and technical assessment requirements related to FREL/FRL and translates them into key elements that countries need to consider (such as scope, scale, and data).

The UN-REDD Programme's technical guidance document is divided into three sections. The first explains decisions made by UNFCCC [Decisions 1/CP.16, 4/CP.15, 12/CP.17 and 13/CP.19] that are relevant to FREL/FRL construction, submission, and technical assessment. The second explains how to estimate REDD+ results for the biennial update reports' (BUR) technical annex by submitting information and data; what FREL/FRLs information need to be included; and how these results connect to the FREL/FRL. The third section, based on relevant Intergovernmental Panel on Climate Change (IPCC), Global Forest Observation Initiative

(GFOI), and Global Observation of Forest and Land Cover Dynamics (GOFC-GOLD) provides guidelines, outlines key elements, and describes possible advantages and risks associated with different choices made by countries in the formation of their FREL/FRL.

Based on UNFCCC guidance, the document also explains how to develop FREL/FRL technical aspects; how to remain consistent and cost-effective with future measurement, reporting, and verification (MRV) efforts; and how to incorporate national REDD+ objectives into the FREL/FRL. The document promotes a step-wise approach, which enables countries seeking FREL/FRL development guidance to incorporate improved data and methodologies.



There are five technical issues within the key elements that must be decided upon at the outset of FREL/FRL construction, which are: forest definition (the forest definition used within the construction of FREL/FRL), scope (FREL/FRL REDD+ activities, gases and pools), scale (FREL/FRL covered area), data selection and analysis (historical data), and FREL/FRL construction approach (the submission of information and rationale on the development of the FREL/FRL based on an evaluation of its national circumstances and the available data and its quality). Guiding questions for countries are provided at the end of each section of the document.

The technical considerations elaborated within this document provide guidance to all countries on establishing a FREL/FRL for submission to the UNFCCC Secretariat.

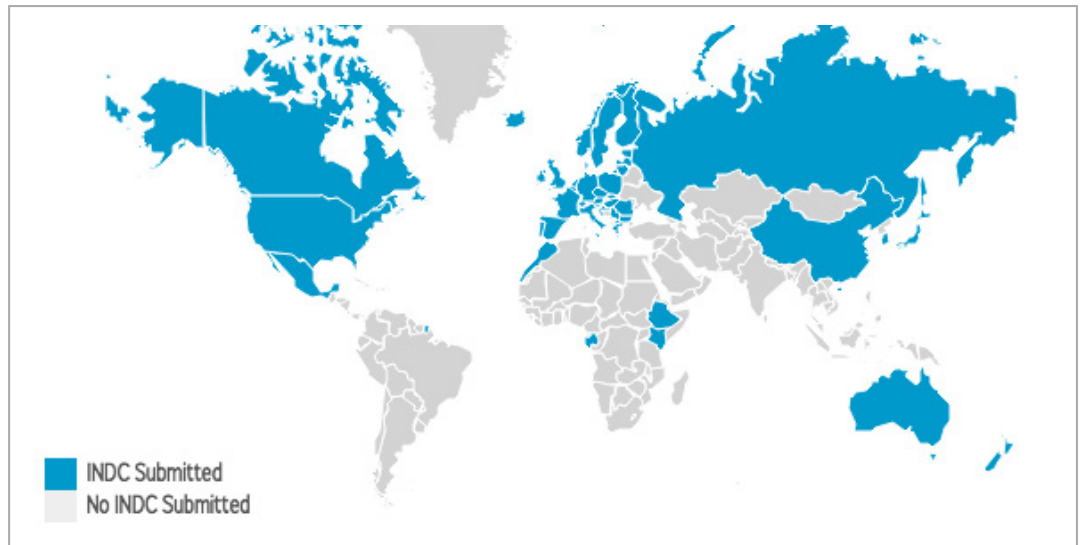
To download the "Technical considerations for Forest Reference Emission Level and/or Forest Reference Level Construction for REDD+ under the UNFCCC", visit http://www.unredd.net/index.php?view=document&alias=14118-technical-considerations-for-forest-reference-emission-level-andor-forest-reference-level-construction-for-redd-under-the-unfccc&category_slug=frel&layout=default&option=com_docman&Itemid=134.

The Road to Paris: Indonesia's INDC

INDCs, or Intended Nationally Determined Contributions, are proposals that countries put on the table ahead of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP21) in Paris in December 2015, outlining actions they intend to take to address climate change. The INDCs are an important building block towards a new global deal to tackle climate change, the expected outcome of the Paris climate talks - UNFCCC COP21.

As of 11 August 2015, 25 countries have submitted their INDCs to the UNFCCC Secretariat of which 14 cover both mitigation and adaptation activities to address climate changes, whereas the remaining 11 include mitigation only. While the INDCs set out emissions reduction targets for 2025 or 2030, they do not necessarily specify in detail how or where their emissions reductions will be achieved. From Asia, China, Japan, Singapore, and South Korea have submitted their INDCs, and other countries are expected to do the same before December.

In Indonesia, the Ministry of National Development Planning (BAPPENAS) is leading the country's INDC development process. The foundation of the process is a review of the National Action Plan on GHG Emission Reduction (RAN-GRK) for 2010 – 2020 in addition to inputs from the National Medium-Term Development Plan (RPJMN) 2015-2019 and assessments of new baselines and future policy interventions. The output of the process, in addition to the Indonesia INDC, is an updated RAN-GRK for 2020 and 2045. Throughout the process, climate change mitigation will be linked to other national priorities such as sustainable development and poverty reduction. The aim is to foster the realization of non-climate benefits associated with addressing climate change through well-designed policies that make economic growth and climate objectives mutually reinforcing.



Map of countries to have submitted their INDCs as of 11 August 2015.

Challenges for Indonesia's INDC development include working with decentralized and incomplete data, and determining a mutually agreed upon emissions baseline among sectoral line ministries. To address these and other challenges, the Indonesia INDC is being implemented through a participatory approach, involving line ministries and other stakeholders.

Towards this end, several events have been held recently in Jakarta to support the development of Indonesia's INDCs. On 3 August, the World Resources Institute (WRI), in collaboration with the Directorate General of Climate Change Control, Ministry of Environment and other key partners, hosted an event entitled "Formulating Indonesia's Perspective on the Climate Change Agreement 2015 and Positioning Indonesia's INDC on the Global Stage" to gather inputs from stakeholders to strengthen Indonesia's INDC. On 12 August the Ministry of Environment and Forestry hosted a public discussion regarding the INDCs to coordinate climate change policy and implementation, especially related to mitigation and adaptation activities. It is hoped that these and other discussions will enable Indonesia to submit its INDC before 1 October for inclusion in a synthesis report with aggregate emissions impacts of all submitted INDCs to be published by the UNFCCC Secretariat on 1 November ahead of the Paris climate talks.

For updated information on INDC submissions from Indonesia and other countries, visit <http://cait.wri.org/indc/>.

The Role of the Financial Sector in REDD+

In Indonesia it is palm oil; in Brazil it is soy and beef - the largest drivers of deforestation and land use change in two of the world's top greenhouse gas emitting countries. Unsustainable production, trade, processing, and retail of these soft commodities drives deforestation and forest degradation in tropical forest countries. Much attention has been paid to the corporations that contribute to deforestation through their value chains, but far less attention has gone to the role of banks and investors in preventing forest loss.

For financial institutions, financing companies whose operations or soft commodity supply chains contribute to deforestation and forest degradation exposes the banks and investors to risks. Risks include, among others, legal risks if companies fail to manage environmental or social risks, or market risks that arise from structural changes in societal preferences away from products that have a negative impact on forests. To help banks and asset managers manage these risks, the Natural Capital Declaration (NCD) has developed the Soft Commodity Forest-risk Assessment (SCFA) tool. Related to the tool, is a report commissioned by the United Nations Environment Programme (UNEP) as part of the UN-REDD Programme, entitled "Bank and Investor Risk Policies for Soft Commodities" that provides guidance on using the tool.

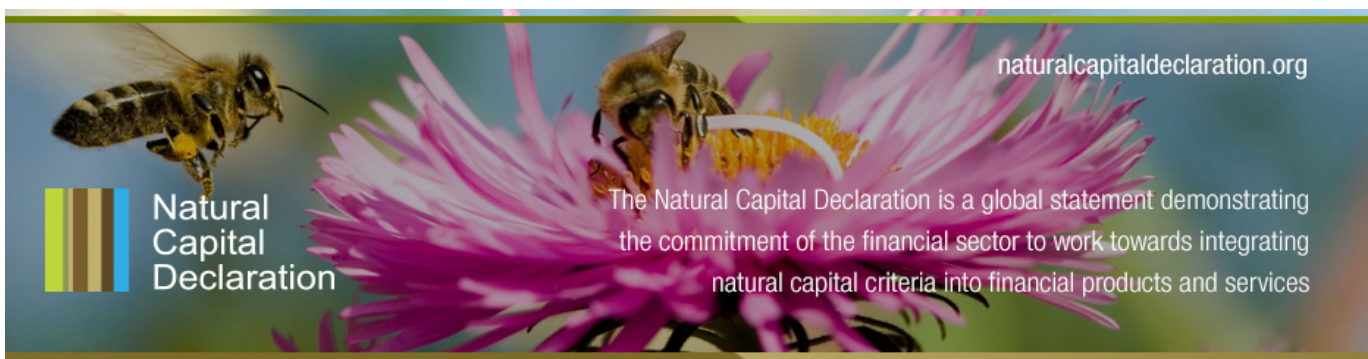
The SCFA is a free, online, qualitative assessment tool that encourages financial institutions to identify how they can improve their own lending and investment risk policies to systematically consider natural capital. By using the tool, banks, investors, and other financial institutions can develop or update their soft commodity risk policies through improved information on criteria to address risks and opportunities linked to soft commodity value chains, such as the potential to support sustainable production through financial products and services. Together, the tool and report provide greater clarity on criteria that banks and investors can adopt to strengthen policies and address exposure to deforestation and forest degradation risks from the production of palm oil, soy and beef.

The report evaluated 30 financial institutions, giving them a weighted score between 0 and 100 in terms of their policy scope; policy strength; and implementation, monitoring and reporting, for their policies on soft commodities or sustainability more generally. The best performing in terms of managing risks were found to be the African Development Bank, FMO Development Bank, the International Finance Corporation, Standard Chartered Bank, and Sumitomo Mitsui Trust Bank. Almost half of the 30 financial institutions evaluated have policies in place to identify, manage and control or mitigate risks linked to loans or investments in companies involved in soft commodities, yet only 13% have developed financial products and services specifically aimed at promoting the production and trade of sustainable commodities. It was found that there is appetite to develop further opportunities for sustainable finance.

In the future, the SCFA aims to transition from a qualitative tool to one that integrates risks from degradation of natural capital into credit assessments, cash-flow analysis, and other financial metrics used for everyday decisions in the financial sector. Financial institutions are encouraged to apply the tool and provide feedback on results to the NCD to inform potential further development of the benchmark and criteria.

To download the full report and to use the tool, visit <http://www.naturalcapitaldeclaration.org/softcommoditytool/>

The NCD is a global finance-led initiative to integrate natural capital considerations into financial products and services, and to work towards their inclusion in financial accounting, disclosure and reporting. It is signed by the CEOs of 40 financial institutions, which are actively working with supporting (non-financial) organizations to develop methods to implement the four commitments in the Declaration. This is being done through a steering committee of signatories and supporters and four working groups, supported by a secretariat formed of the UNEP Finance Initiative and the Global Canopy Programme (GCP). For more information visit www.naturalcapitaldeclaration.org.



UN-REDD Programme Brief: Banking on REDD+

A newly published UN-REDD Programme policy brief entitled "Banking on REDD+: Can bank and investor risk policies on soft commodities benefit REDD+", assesses whether and how soft commodity risk policies by the financial industry (banks and investors) could potentially benefit countries through achieving REDD+ results. The results are based on an analysis of risk policies from a range of financial institutions. Given that land use conversion to produce agricultural commodities is the most significant direct driver of deforestation - accounting for an estimated 80% of deforestation worldwide - it is important to understand how finance flows resulting from soft commodity risk policies can help reduce forest carbon emissions. In Indonesia, palm oil which is found in a variety of products from baked goods to shampoo, is the most important soft commodity that is driving deforestation.

The key messages from the brief are:

1. The financial sector is an important REDD+ stakeholder as capital is a fundamental component of agricultural systems.
2. Finance can be a possible lever to encourage soft commodity procedures to reduce impacts on forest ecosystems and thereby help to achieve REDD+ results, especially if this is mandated through government regulations.
3. In countries where producers of soft commodities have options to obtain capital through other means such as the informal market, soft commodity risk policies by banks and investors may be less effective in achieving REDD+ results.

The financial sector, governments and agricultural supply chain companies

The brief explains how the financial industry is influenced by government - and vice-versa - primarily through new regulations by central banks or financial institutions, or through reform of international banking standards. Some financial institutions are voluntarily adopting strict

environmental and/or social requirements, however, companies not meeting these standards are still able to obtain finance from another bank or investor with less strict requirements. Therefore governments play an important role in ensuring relevant policies are mainstreamed throughout the industry by developing new laws or regulations requiring all financial institutions to adhere to the same standards. In turn, both financial industry and government impact decisions made by agricultural supply chain companies. Potential measures by government to influence companies are: stricter regulations to limit forest impacts; change incentives through, for example, fiscal or trade policies; or mandate corporate reporting rules. Another measure could be to create - and prohibit loans to - a 'black list' of companies failing to comply to forest-related government regulations.

Developing soft commodity risk policies and incorporating deforestation risk in credit risk analysis are ways for banks and investors to reduce the probability of deforestation impacts by their clients working in agriculture supply chains. Credit risks can include regulatory risks such as requirements to comply with existing and new environmental laws or regulations, social risks such as conflicts with communities and governments, biophysical risks such as decreased water quality or quantity, soil erosion or crop pests, as well as reputational risks. The significant increase of these risks is contributing to a gradual shift in the way companies are managing risks related to ecosystem degradation.

Generating REDD+ results at the country level

Four steps are identified in the brief to provide a starting point for governments to assess if the financial sector - through soft commodity risk policies - can be a potential lever in their country to help generate REDD+ results. The four steps are: understanding the drivers of deforestation and forest degradation, mapping the national financial landscape, analyzing nexus between supply of capital and demand for capital, and understanding the effectiveness of risk policies for soft commodities to tackle the drivers of deforestation.

To download the brief, visit http://www.unredd.net/index.php?option=com_docman&view=document&alias=14455-banking-on-redd-can-bank-and-investor-risk-policies-on-soft-commodities-benefit-redd&category_slug=un-redd-publications-1191&Itemid=134

Pioneering Research Studies Support REDD+ Implementation in Indonesia

How can Indonesia translate REDD+ policy into progress? Two research studies undertaken by UNORCID with funding support from the UN-REDD Programme aim to provide evidence-based insights to answer this question as Indonesia's REDD+ Programme moves towards its implementation phase. The studies - "The Funding Instrument for REDD+ in Indonesia (FREDDI): Making the Case for Financial Innovation" and "REDD+ Social and Environmental Safeguards Development and Implementation in Indonesia" - went through an extensive peer review process involving subject experts from within and outside of government. They were commissioned as part of a framework study entitled "Beyond Carbon? Exploring Mechanisms for Equitable REDD+ Implementation in Indonesia" to further explore key challenges to implementing REDD+ in Indonesia.

The Funding Instrument for REDD+ in Indonesia (FREDDI): Making the Case for Financial Innovation

The estimated financial need for implementing REDD+ until 2020 is USD10 billion. Institutions and mechanisms to mobilize and manage REDD+ finance are a key priority of Indonesia's REDD+ programme at this stage - and this study aims to support this process through analysis and recommendations. Specifically, the study reviews the early stages of the development of the Fund for REDD+ in Indonesia (FREDDI) which was housed with the National REDD+ Agency (BP REDD+), and - to the extent to which FREDDI developed before the duties and functions of BP REDD+ were incorporated

within the Ministry of Environment and Forestry - considers its ability to achieve its mandated objectives with regards to fund management and mobilization. Further, the study provides an overview of the potential role of financial innovation - such as debt and market mechanisms - in enhancing the role that a Fund for

REDD+ in Indonesia could play in the scope of Indonesia's REDD+ programme. Ultimately, the report affirms the notion that such a Fund should evolve beyond a passive disbursement mechanism to mobilize further investment from both private and public sectors.

REDD+ Social and Environmental Safeguards Development and Implementation in Indonesia

A system to monitor, report and verify the social and environmental impacts of REDD+ is integral to Indonesia's REDD+ Programme, in line with both the UNFCCC Cancun Decisions and Indonesia's own vision of REDD+ as Beyond Carbon. This study provides a comprehensive review of over 40 social and environmental safeguards related to REDD+ implementation

in Indonesia, comparing each of them to the UNFCCC Cancun Safeguards (representing an authoritative international baseline for REDD+ social and environmental safeguards). The review covers standards related to multilateral agreements and programmatic standards; carbon market, NGO and private sector initiatives; bilateral programmes; national instruments; and synergies with related international treaties. The study summarizes gaps and lessons learned from available safeguards systems, focusing on key themes such as Free Prior and Informed Consent (FPIC), governance and coordination, accountability and stakeholder participation. Recommendations are provided to guide the further development of REDD+ in Indonesia, involving the improvement of coherence and harmonization, improving information sharing, ensuring accountability and sustainability in safeguards implementation, including by undertaking a thorough cost analysis.

To download the research studies, visit www.unorcid.org/index.php/unorcid-publications/research-studies



Fourth US-Indonesia Energy Investment Roundtable

On 3-4 August 2015, the Fourth United States-Indonesia Energy Investment Roundtable was held in Jakarta, Indonesia. The two-day conference, *The Frontiers of Energy Exploration*, brought together representatives from U.S. and Indonesian governments, the private sector, and energy industry associations to discuss opportunities for investment in energy exploration and production in Indonesia. The dialogue aimed to foster continued partnership between the two countries through the sharing of best practices and innovation with a view towards supporting Indonesia in meeting its energy requirements and development goals.

H.E. Mr. Sudirman Said, Indonesia's Minister of Energy and Mineral Resources (ESDM), and Mr. Jonathan Elkind, Principal Deputy Assistant Secretary for International Affairs, U.S. Department of Energy, participated in the roundtable. Noting the importance of cooperation between the two countries, Minister Said remarked, "Indonesia is fully aware of the need to develop its energy sector as a prerequisite for the development of the economy as a whole, and that U.S.-based companies are able to play an important role in this process."

Day two of the conference focused on the future of clean energy development in Indonesia. The event opened with remarks from Mr. Elkind and Mr. Rida Mulyana, Director General for New and Renewable Energy and Energy Efficiency, ESDM. The conference proceeded with two sessions – the first on promoting supply - and demand-side energy efficiency and the second on enabling clean energy development.

Session one explored the business case for improving power plant efficiency, reducing energy demand across sectors, and developing a robust demand response programme. Panelists emphasized the need to diversify Indonesia's energy mix with energy efficiency programmes as well as the need for investment and advanced technologies to support these initiatives. Through the bilateral partnership, U.S. companies can help provide innovative technology and solutions. The session also recognized the necessity to bring policies in line with energy conservation goals. For instance, there is broad interest in promoting waste recovery and cogeneration systems at power plants; however, supportive regulation is needed to advance such development.

The panelists continued with a discussion on incentives for promoting energy efficiency. Ms. Farida Zed, Director for Energy Efficiency and Conservation, ESDM, explained that the improved inter-ministerial coordination, especially with the Ministry of Finance, will help attract investment. The

session noted that Indonesia is currently witnessing a transformation in the electricity market from a state-owned monopoly to a market with increased private sector participation. Opening the market to private entities is expected to encourage competition and in turn, drive energy efficiency in plant performance and economic operations.



H.E. Mr. Sudirman Said, Minister of Energy and Mineral Resources, delivers the keynote address during the Fourth United States-Indonesia Energy Investment Roundtable.

The second session presented lessons learned from renewable energy deployment and best practices for driving investment in clean energy, with a particular focus on remote areas. The panel highlighted the great potential in off-grid renewable resources in Indonesia. For example, Indonesia's more than 700 palm oil refineries could produce over 1200 MW of power by converting the mill effluent to biogas and roughly the same amount of power by converting the biomass waste to steam. Indonesia also boasts tremendous solar potential and two U.S. companies Caterpillar and First Solar are already working together with Trakindo Utama, an Indonesian firm, to bring solar microgrids to remote areas of Indonesia.

The panelists noted how the establishment of a feed-in-tariff (FIT) for bioenergy, solar, hydropower, and geothermal is providing a foundation for the promotion of clean energy development. Through the FIT, project owners can sell excess power back to the State Electricity Company (PLN). However, project developers continue to face challenges in acquiring land, securing financing, and obtaining information about appropriate technologies.

The Energy Investment Roundtable was held under the auspices of the U.S.-Indonesia Energy Policy Dialogue and the U.S.-Indonesia Comprehensive Partnership. The Comprehensive Partnership supports cooperation between the two countries within three pillars: political and security; economic and development; and socio-cultural, education, science, and technology.

Mr. Mark Burrows is the Managing Director and Vice-Chairman of Credit Suisse and Special Advisor to UNEP Finance Initiative (UNEP FI). Here he shares his vision on the role of private sector finance in supporting a global green economy transition.



Credit Suisse' investments in microfinance activities supports over 2.4 million people. What is the role of microfinancing in transitioning to a green economy? Will there be a greater focus on microfinancing in green economy in the coming future?

Microfinance is an investment style that is designed to generate tangible social, environmental, and financial return for our clients and is a form of impact investing. At Credit Suisse, we are very proud that we have been working for over a decade to provide leadership and develop innovative solutions to link the top with the base of the pyramid and promote financial inclusion.

In the broadest sense, microfinance provides low income households with micro-loans, savings, insurance, and other financial products and services. At Credit Suisse, our philosophy ensures that we look beyond the financial metrics to other issues affecting the livelihoods of low income households such as access to clean water, health facilities, education, transport, and housing. We offer this sort of responsible investment product through initiatives like the *responsAbility Global Microfinance Fund*, which provides capital to microfinance institutions for lending to microentrepreneurs in developing countries. In a similar vein, we also have the *responsAbility Global Microfinance Fund*, which helps small farmers in developing countries gain access to markets at fair trading conditions. The relevance of this sort of product to countries with large and important smallholder communities, like Indonesia, is clear.

Microfinance is a well established model which has succeeded in many countries around the world. It does - and will continue to - play a crucial role in providing

entrepreneurs from developing countries business opportunities that would otherwise not be available to them. It also helps us align financial portfolios with societal goals, including those linked to a green economy.

You have previously talked about closing the 'perception gap'. For example, it can be experienced when looking at equitable investments opportunities; for investors 'equity' could mean 'ownership' and for environmentalists/ small-scale farmers it might mean 'fairness'. How does an investment banker overcome the perception gap?

Every industry and sector has its own jargon and working on complex issues like tropical landscapes creates a melting pot of jargon! The complex solutions required brings together different communities of people who speak different 'languages', and who approach issues from different perspectives. It is not, and will not be an easy task to get everyone on the same page overnight, but acknowledging that clear communication is vital is a big step in the right direction. Credit Suisse is involved in a range of initiatives, like the RSPO, UNEP Finance Initiative and the UN PRI to name but a few, which are examples of platforms where trust and common ground can be developed between individuals from the varied world of policy, industry, finance, academia and civil society.

A positive example to highlight on the subject of effective communication is the Carbon Tracker Initiative. They have gone to great lengths to transform well-established scientific facts and present them in a manner that can be understood by financial analysts and investors. They have turned climate risks into financial risks by using the appropriate language. By marrying the terms and concepts from the scientific community to the standards and measures used in the financial community, phrases such as 'stranded assets' and 'unburnable carbon' have now become part of the financial lexicon. The emergence of this common language helps to ensure capital is being redirected for green investment and should inspire us to work even harder on this vital area of understanding and empathising with each other.

How can we convince investors to look at long-term consequences rather than short-term gains?

The problem of 'short-termism' is a material and challenging one. Many investments associated with the green economy are by nature longer term as there are large up-front costs and long term costs associated with their development.

However, there is a tension with this need for longer term, patient capital and many of the incentives for short term thinking built into the DNA of current financial markets. This short termism is driven by a variety of issues that range from the mandates given to asset managers by asset owners, the nature and process of measuring performance for money managers, and even by financial products such as market capitalization weighted equity indices.

There is no single solution that will bring about fundamental change overnight, but rest assured the issue has been flagged and a portfolio of potential solutions is being proposed and discussed. The solution space involves areas like new risk models, different investment mandates, and new accounting methodologies.

What kind of enabling conditions from the government are required to see changes in investment patterns and volumes from private sector institutions such as Credit Suisse and others around the globe?

You are right to mention the enabling conditions as it is not just the stand-alone project economics that will impact the flow of capital. While investment at scale will not happen unless the opportunities are profitable for an acceptable level of risk, we also need to think about other factors. One is access to finance. Even attractive financial propositions can struggle to access finance for a variety of reasons. Borrowers might be too small, too far away or use technology that is too new and unfamiliar. Lenders might be constrained by regulations, such as debt ceilings or borrowing limits, so there is a lot to think about. These issues can be dealt with relatively quickly but what might take longer is creating a positive enabling environment.

From a policy perspective, we can think about a positive enabling environment as one that conforms to the four 'L's, which stands for, Long, Loud, Legal and Light. Let me touch on each briefly:

- To encourage investment, policy should be **Long** enough to match the operating and planning cycles of the business that we are trying to incentivize.
- To unlock private capital at scale, policy should be **Loud**, and by that I mean that it should make the activities

we are trying to incentivize more attractive than the activities we are trying to transition away from.

- Investors want policies embedded in a **Legal** framework that is credible, robust and that inspires confidence.
- Finally, policy must be **Light**. It should be easy to understand and not overly expensive to comply with.

Of course, this kind of investment climate is easier to craft in the rarefied world of academia and perfect markets than in the complex world we actually live in. However, that should not stop us working together to get these foundations in place.

Green bonds have become the financial instrument of choice for investors. How much of a key role will green bonds have in the transition to a green economy in Indonesia?

Within the financial markets green bonds remain relatively small, with niches like the Asia Pacific corporate bond market being in its infancy, although the overall market is growing with tremendous speed and interest. Green bonds tap into the largest single pool of capital in the world and could play a significant role in mobilizing the capital required for Indonesia's green economic transition.

Green bonds are interesting instruments for a number of reasons, but one key attribute is that they act as a means to preference sustainable investments over alternative growth strategies. They are also a very familiar product to the investment and corporate community and help reduce the risk and complexity of green investing. They make product selection simple and standardized for investors and they outsource the social and environmental due diligence to credible third parties. They also have the potential to create a virtuous cycle. Uncovering the large-scale investor appetite we are seeing in the market could help incentivize governments to develop green growth frameworks in the knowledge that cheap private sector capital is eager and available at scale.

In short, the future for green bonds looks bright and it would be fantastic to see an Indonesian green bond issued in the near future.

“Green bonds tap into the largest single pool of capital in the world and could play a significant role in mobilizing the capital required for Indonesia's green economic transition.”

Indonesian Governors Aim to Reduce Deforestation



Participants at the Indonesian GCF Regional Meeting in Jakarta.

On 29 July 2015, the six Indonesian provincial governments that are party to the Governors' Climate and Forests Task Force (GCF) met in Jakarta to develop a strategy to protect Indonesia's forests. The Indonesian GCF regional meeting brought together governors from the provinces of West Kalimantan, East Kalimantan, and West Papua, and representatives from Central Kalimantan, Aceh, and Papua. The meeting was also attended by the Indonesian Ministry of Environment and Forestry (MoEF) and representatives from donor countries and development partners.

The Rio Branco Declaration

The governors agreed on a strategy to reach the commitment established in the Rio Branco Declaration of reducing Indonesia's deforestation by 80% by 2020. The Rio Branco Declaration was signed in August 2014 at the GCF Annual Meeting in Rio Branco, Acre, Brazil. To meet this target, Indonesian provinces will need to reduce the rate of deforestation from an average of 323,749 hectares per year to an average of 64,749 hectares per year by 2020. As stipulated in the Rio Branco Declaration, this commitment is contingent on the availability of adequate, long-term performance-based funding from market or non-market sources.

The goal of the July meeting was to create a detailed workplan for achieving the deforestation reduction target. The final strategy includes three main pillars: 1. Strengthening existing Forest Management Units (FMUs), improving spatial planning, and controlling licensing and permitting procedures; 2. Developing private sector partnerships to promote sustainable supply chains; and 3. Guaranteeing the benefits of low emissions rural development are realized by indigenous people and small-scale farmers.

Governors seek support for the plan

Upon completion of the workplan, the governors presented the strategy to the Ministry of Environment and Forestry seeking its support. Representatives from MoEF, including

Dr. Nur Masripatin, the Director General for Climate Change Control, agreed to integrate the governors' strategy into national plans and commitments. Speaking in regards to the provincial governors' participation in GCF, Dr. Masripatin said, "We really appreciate the initiative, and we hope that the governors can also cooperate with the central government in protecting the country's forest."

The Indonesian governors also presented their workplan to international donors and civil society organizations and discussed opportunities for technical and financial support. While waiting for the finalization of global and national REDD+ financing mechanisms, provincial governments will be looking to the private sector for funding. Partnerships between Indonesian governors, who are working on the front lines of climate change mitigation, and progressive companies who have pledged to deliver sustainable, "zero deforestation" agricultural commodities are needed to ensure effective management of forest resources and improved livelihoods for forest communities.

The Indonesian GCF regional meeting was hosted by the Government of West Kalimantan and organized by the GCF's new regional partners for Indonesia – Yayasan Penelitian Inovasi Bumi (INOBU), and the Earth Innovation Institute (EII). GCF, INOBU, and EII will continue to support the six provinces in implementing their strategic action plan.

The Governors' Climate and Forests Task Force

The GCF is a subnational initiative of 29 states and provinces from Indonesia, Brazil, Ivory Coast, Mexico, Nigeria, Peru, Spain, and the United States. GCF promotes low emissions rural development and REDD+ programs, while seeking to link these initiatives with emerging greenhouse gas (GHG) compliance regimes and other pay-for-performance opportunities. Currently, more than 25% of the world's tropical forests are in GCF states and provinces. More than half of Indonesia's forests are located in the six GCF member provinces in Indonesia.

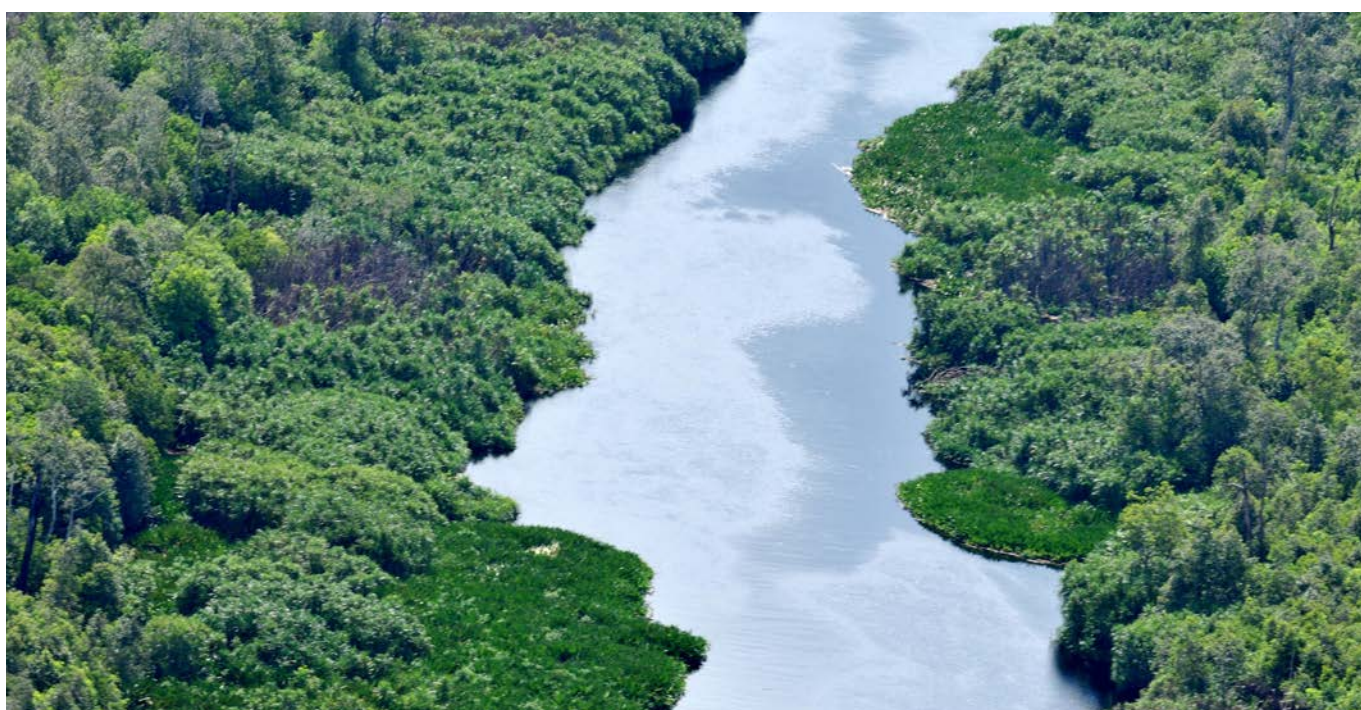
Conservation Katingan for Borneo as the Lungs of the World

The Katingan district government in Indonesia's Central Kalimantan Province has provided impetus to the district's green movement by launching a programme called "Conservation Katingan for Borneo as the Lungs of the World". The conservation programme is an embodiment of the government's vision to preserve the environment in Kalimantan, an activity that has been encouraged since late 2014. During the launch event, Mr. Ahmad Yantenglie, the Regent of Katingan, stressed the importance of conservation due to the fact that 88% of the Katingan area is covered by forest. Moreover, the two national parks located in the district - Sebangau National Park and Bukit Baka Bukit Raya National Park - provide ecosystem services and economic opportunities to support local livelihoods.

A "conservation district" is an administrative area designated for environmental protection and biodiversity preservation. In this regard, "Conservation Katingan for Borneo" aims to maintain benefits provided by sustainably managing natural resources in the district to support local communities' livelihoods today, and for future generations. A conservation district's governance should be aligned with land use policies and it should be in accordance with the environment's carrying capacity to ensure the sustainability and protection of ecosystems. To this end, the government developed the Katingan District Law No. 34 of 2014, which asserts Katingan as a conservation district in Kalimantan and elucidates the role of local communities in protecting nature within the district.

In order to promote the Conservation Katingan programme, the district government has allocated 37.7% - or more than one third of Katingan area - for conservation purposes. Aside from the two national parks, around 5,000 ha of educational forest in Katingan Hilir has been established for management by University of Palangka Raya. In addition to the protected forest, the urban forest, and the Katingan Botanical Gardens also contribute to the conservation programme.

As a part of the green movement in Katingan, the government hosted the "Exploring Cultural Tourism for 1000 Indonesian Journalists (Jelajah Wisata Budaya 1000 Jurnalis Indonesia)" event. The inaugural event that spanned 16 days from 8-23 August 2015 highlighted the district's tourism potential and raised awareness about the importance of Indonesia's forests, including in Katingan, for combatting climate change. To draw public attention and enthusiasm to environmental protection in Katingan the event activities ranged from cultural festivals to environmental education, such as promoting Green Katingan through photography and video contests, planting 1000 tree seedlings in the Katingan Botanical Gardens, trekking in Bukit Baka Bukit Raya National Park, and environmental music campaign. Journalists and participants travelled from across Indonesia to Katingan for the festivities. The government used the event to declare the Tumbang Habangoi Village as a Conservation Village and to conduct a socialization to the community on protecting and preserving the environment in their vicinity.



Towards Effective National Forest Funds

Forests, and their unique potential to provide multiple environmental, economic, and social benefits, play a key role in climate change mitigation and adaptation efforts, poverty alleviation, and food security. While sustainable forest management (SFM) is essential to secure the long-term benefits from forests, its financing has remained a challenge over the last decades and is becoming increasingly complex with the rise of multiple and often overlapping national and international financing mechanisms, including REDD+ and payments for ecosystem services schemes.

National Forest Funds (NFFs) offer a possible solution to the complexity of SFM financing as they are recognized for their ability to manage and coordinate investments that support SFM. NFFs are publicly managed financing mechanisms aimed at supporting the conservation and sustainable use of forest resources. Despite their widespread existence, information on experiences with NFFs and their lessons learned is limited. In an attempt to address this issue and to respond to growing international interest in NFFs, the Food and Agriculture Organization of the United Nations (FAO) published a report entitled 'Towards effective national forest funds' that investigates current and past NFFs. The report identifies challenges and opportunities for the establishment, management, and improved performance of NFFs.

The FAO publication found a wide variety of funds with numerous functions, including government support, capacity building efforts, and private sector engagement. The publication further illustrates how NFFs are becoming increasingly popular because of their ability to manage and harmonize investment streams from different domestic and international funding sources. It is already seen that NFFs attempt to integrate funding for climate change, biodiversity conservation, and REDD+.

The latter is of particular interest for Indonesia and its national REDD+ programme. As a climate change

mitigation and adaptation effort, REDD+ recognizes the economic value of forests and presents a comprehensive approach to forest management. In 2010 Norway and Indonesia signed a Letter of Intent (LOI) establishing up to US \$1 billion of funding for REDD+ in return for demonstrated reduced carbon emissions from forests. An effective financial landscape is required to obtain and distribute these benefits from REDD+ and other forest funding in Indonesia. The publication demonstrates the complexity of Indonesia's arrangements for channelling climate finance from various sources to different government agencies and funds. If carefully designed, a NFF in Indonesia could assist in harmonizing Indonesia's multiple funds, overcoming past coordination challenges.

Beyond findings, the publication lays out lessons learned for effective NFFs, focusing on governance measures, options for fund capitalization, and utilization and oversight measures. Emphasis is placed on the need for strong governance on multiple levels with capable institutional structures to provide legitimate and sustainable funds that can attract further funding. Coordination is required between the different public, private, and NGO sector policies and funds to avoid fragmentation and duplication of efforts.

The report highlights the key role of the government to provide an enabling environment for NFFs with appropriate legal structures and oversight measures in line with standards of international funding agencies. It is pointed out that Indonesia has already been advancing on the development of legal and institutional provisions to effectively control international funding and is working towards better coordination among funds. By demonstrating these lessons learned and ways forward, the publication offers valuable insights in the potential of NFFs for the long-term financing of SFM and its integration with other financing mechanisms. To download the full report published by the FAO, visit <http://www.fao.org/3/a-i4359e.pdf>.



©Christoforus Terry/FAO

GRASP Annual Report: “The Future of the Bornean Orangutan: Impacts of change in land cover and climate”

The Great Apes Survival Partnership (GRASP) recently launched their annual report entitled “The Future of the Bornean Orangutan: Impacts of change in land cover and climate” that provides recommendations on how to mitigate threats that face orangutans living on the Indonesian islands of Borneo and Sumatra. It is a grim reminder that continued habitat loss – particularly through land cover change accelerated by climate change – threatens the existence of the already endangered species.

The modeling used in the report projects scenarios of land cover change from present day baseline values up to 2080, showing the extent of suitable habitat for the orangutan on the island of Borneo. The model uses commonly applied future climate studies that take into consideration projected temperature and rainfall patterns. From these scenarios, one can deduce the general climates that might be suitable for a species, such as orangutans, because climate conditions like temperature and rainfall patterns often define the places that those species can occur.

The output of the model is a ‘habitat stability index’ for the years 2020, 2050, and 2080. In addition to temperature and rainfall, the model takes into consideration land cover (e.g. lowland forest, mangrove, old plantations) and potential threats from humans (as defined by population density). The results of the model predicts that by 2080 three quarters of orangutan habitat on Borneo Island will be lost, which – the report concludes – may lead to the extinction of the Bornean Orangutan population within the next sixty years. To prevent this tragedy the GRASP report outlines eight recommendations that can be undertaken by all stakeholders to conserve the orangutan habitat on Borneo Island.

The recommendations, as adapted from the report, are:

1. Identify all remaining orangutan populations and undertake an assessment of their viability, based on local threat levels, present and predicted habitat quality, and population dynamics (dispersal, inbreeding, etc.). Identify all orangutan populations that the governments officially agree to maintain.
2. Conduct a triage process in which the ‘must save’ and ‘can save’ populations are identified and agreed by governments, both inside and outside protected areas, as well as the management measures needed to maintain them.

3. Based on the above, propose and designate new protected areas or other areas under permanent forest cover that are large and safe enough to contain viable orangutan populations.

4. Where possible, connect these permanently forested areas through uninterrupted

forested corridors, for example in permanent natural forest timber concessions, that allow orangutans and other wildlife to move through the landscape in reaction to changing climatic and ecological conditions.

5. Reconcile these land-use plans with other spatial plans (for development, infrastructure, agriculture, etc.), and endorse these planned land uses in high level government regulations that allocate special strategic status to these orangutan populations, and which are strong enough not to be overruled by other national-level or local-level regulations.
6. Effectively enforce laws regarding the killing of orangutans and implement public campaigns and other communication efforts that make the public aware of the illegality of killing.
7. Seek innovative ways to augment protected areas to conserve remaining orangutan forests, which could include, for example, leverage of carbon mitigation investments via REDD+ (Reducing Emissions from Deforestation and Forest Degradation), or other payments for ecosystem services mechanisms.
8. Drained coastal peatlands in Borneo are predicted to decompose and flood leaving behind unproductive brackish swamps. Peatlands are key orangutan habitats that should be left forested and undrained to avoid major negative biodiversity and socio-economic impacts.

For further information about the report can be found at <http://www.un-grasp.org/videos-resources/publications>.



5 STOPPING MANGROVE DEFORESTATION MAKES A WHOLE LOT OF SENSE

REASONS FOR CLIMATE CHANGE MITIGATION IN INDONESIA

1. INDONESIA HAS A WHOLE LOT OF MANGROVES

Indonesia has:

2,900,000

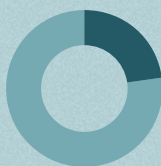
HECTARES OF MANGROVE FORESTS

AN AREA ALMOST THE SIZE OF

Belgium



Belgium = 3,053,000 ha Map adapted from: earthobservatory.nasa.gov



Almost 1/4 of all mangrove ecosystems on earth

3. A WHOLE LOT OF MANGROVES ARE DESTROYED EVERY YEAR

52,000ha

of Indonesian mangroves disappear every year, an area the size of **New York City** every 18 months



of Indonesian mangroves were destroyed in the last 3 decades, mainly due to **aquaculture**

WHAT IS AQUACULTURE?

Aquaculture is the *farming* of aquatic organisms. Any climate change mitigation efforts involving mangroves should include well-managed and conservative aquaculture development, as it plays an important role in sustainable coastal livelihoods.

2. MANGROVES STORE A WHOLE LOT OF CARBON

Per hectare, Indonesia's mangrove forests store **more than**

5X the carbon of upland forests

Out of all carbon stored globally in coastal ecosystems, Indonesian mangroves store:

1/3

3.14 billion

Total carbon stored in Indonesian mangroves, in tonnes

Number of years it would take Indonesia to emit that much carbon in fossil fuel usage, at 2011 levels:

20

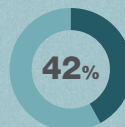
4. THIS DEFORESTATION RELEASES A WHOLE LOT OF CARBON

Annual emissions from Indonesian mangrove destruction:

190,000,000 CO₂-EQ

That's the same amount of emissions as if **every car in Indonesia drove around the world twice** (at 2011 Indonesian passenger car levels)

9.5M x 2



of annual global emissions from the destruction of coastal ecosystems are from the destruction of Indonesian mangroves. 'Coastal ecosystems' includes marshes, mangroves & sea grasses

5. HALTING MANGROVE DEFORESTATION COULD MAKE A WHOLE LOT OF DIFFERENCE TO CLIMATE CHANGE

Stopping mangrove destruction could meet

1/4

of Indonesia's **26%** emissions reduction target for 2020...



...equivalent to **40,000,000** fewer cars on the road

References:

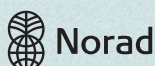
Illustration & design: Jim O'Neill

Cut emissions, not mangroves: Indonesia's best hope for slowing climate change
blog.cifor.org/31112

Available for download:
http://dx.doi.org/10.1038/nclimate2734

Read more:
blog.cifor.org/wetlands

Full infographic and additional references:
blog.cifor.org/31193



Center for International Forestry Research (CIFOR)

CIFOR advances human well-being, environmental conservation and equity by conducting research to help shape policies and practices that affect forests in developing countries. CIFOR is a member of the CGIAR Consortium. Our headquarters are in Bogor, Indonesia, with offices in Asia, Africa and Latin America.



RESEARCH PROGRAM ON Forests, Trees and Agroforestry

The Consortium for Supporting Community-Based Forest Management (KpSHK)



In 1997, the Consortium for Supporting Community-Based Forest Management (KpSHK) was established in Bogor, West Java to strengthen the development of Community-Based Forest Management (CBFM). A main stakeholder in forest management is local/customary communities, and CBFM has an economic system aiming not only at achieving equity and public wellbeing, but also employing the principles of conservation and sustainability. Community forests have their own legal systems acceptable and applicable in the areas under their management. CBFM development activities in Indonesia that take social, ecological, and economic factors into account are widely implemented in CBFM areas, including in Jambi, Bengkulu, Lampung, East Java, Central Kalimantan, South Kalimantan, West Kalimantan, East Kalimantan, and Southeast Sulawesi.

Since its establishment, KpSHK has been positioned as a frontrunner in systematically supporting forest management methods such as *simpuqn* (East Kalimantan), *empus* (Aceh), *pangale* (Central Sulawesi), *parak* (West Sumatra), *repong* (Lampung), and *leuweng* (West Java) that were inherited and developed based on local wisdom by customary and local communities inside and around Indonesia's forests.

Local knowledge and technology provide a basis for discretion and forest management systems, while modern knowledge and technology enrich and develop CBFM after being adapted to the local context and circumstances. Different forest management models are put into practice in many different places by forest-dwelling communities through agroforestry, and the introduction of the appropriate technology for post-harvesting non-timber forest product processing, such as a bee ranch in Luwu of South Sulawesi and Tengkwang oil processing in West Kalimantan.

KpSHK is actively participating in the fight for the recognition and protection of forest-dwelling and

customary communities' rights through policy reforms and initiating implementation of a policy to expand CBFM areas, either in the form of private/customary forests or a social forestry scheme. In this regard, KpSHK and a network of civil society organizations are actively involved in formulating an indicative map of social forestry areas (PIAPS) and in revising supporting policies formulated by the Ministry of Environment and Forestry, which is a target specified in the National Medium-Term Development Plan (RPJMN) for 2015-2019.

In order to support the policy on recognizing and expanding areas under CBFM, KpSHK has proposed focal points in some provinces to facilitate the verification of areas designated for private/customary forests and social forestry. Inventory that has been conducted by KpSHK members and partners since 2000 has resulted in data stating that CBFM areas are spread across 22 provinces, 134 districts, 600 sub-districts and 3,796 villages for a total area of approximately 15 million hectares. The main challenge to the advocacy of policy to expand areas under community management is how to ensure that policy revision being sought for will respond to real issues occurring in forest management such as overlaps with large-scale business permits in forest areas, forest-related conflicts, and the technical readiness of stakeholders, particularly regulators to implement policies.

Furthermore, in some CBFM areas, the KpSHK contributes technical and methodological support to partner institutions and communities managing CBFM areas such as forest inventory and the documentation of areas under management, training in developing the quality of forest products, and the development of payment for ecosystem services (PES) and REDD+ financing schemes. Particularly related to PES and REDD+ financing schemes, one challenge that has become a main focus for the KpSHK is the need for the immediate formulation of a policy that is in favour of CBFM areas.

On one hand, Indonesia is the largest country rich in tropical forests, but on the other hand the deforestation and land degradation rates, forest-related conflicts due to overlapping rights, and poverty among forest-dwelling and customary communities are the reflection of forest mismanagement. There is evidence that CBFM can respond to the issues of poverty and forest agrarian conflicts to improve conditions for forest-dwelling and customary communities.

For more information on KpSHK, visit <http://kpskh.org/>.

Outcomes of the Third International Conference on Financing for Development

The third International Conference on Financing for Development (FFD3) took place in Addis Ababa, Ethiopia, from 13-16 July 2015. The purpose of the FFD3, mandated by the United Nations General Assembly (UNGA), in resolutions 68/204 and 68/279, is to focus on, *inter alia*: assessing progress in the implementation of the Monterrey Consensus and the Doha Declaration; addressing new and emerging issues; and reinvigorating and strengthening the financing for development follow-up process.

Over 11,000 high-level policy makers from across the globe attended the conference to agree on a new framework to finance the ambitious post-2015 development agenda. These included numerous Heads of State and Government, UN Member States, ministers and representatives from governments, non-governmental and UN organizations, and media representatives. Eight plenaries were held, in addition to six multi-stakeholder roundtables on two themes: global partnership and the three dimensions of sustainable development; and ensuring policy coherence and an enabling environment at all levels for sustainable development. A Main Committee, formed during the opening plenary to finalize the draft outcome document, met three times in closed sessions. Various side events also took place during the four-day conference.

The conference ended successfully with the adoption of the Addis Ababa Action Agenda (AAAA), agreed upon on 16 July following months of negotiations between UN member states and with the contribution of international organizations, private sector actors, and civil society groups. The AAAA was adopted under the leadership of Ethiopian Foreign Minister H.E. Dr. Tedros Adhanom Ghebreyesus, following a compromise on the issue relating to international tax matters. Several delegates praised the AAAA during the closing plenary, with some calling it a “very good outcome”, while others said further work was needed on some elements, and listed reservations on specific components.

The AAAA includes three main sections on: 1) global framework for financing development post-2015; 2) action areas; and 3) data, monitoring, and follow-up. The second section, on action areas, includes seven sub-sections: domestic public resources; domestic and



The third International Conference on Financing for Development (FFD3) took place from 13 - 15 July 2015 at the UN Economic Commission for Africa (UNECA) Conference Centre in Addis Ababa, Ethiopia.

international private business and finance; international development cooperation; international trade as an engine for development; debt and debt sustainability; addressing systemic issues; and science, technology, innovation and capacity building.

With the outcome from Addis Ababa having a strong bearing—both practical and psychological—on the post-2015 negotiations and the climate change negotiations, government delegates were under substantial pressure to deliver a constructive outcome. The Financing for Development (FFD) process and final outcome document demonstrated a fundamental shift from the 2002 Monterrey declaration, by considering a much broader and comprehensive approach to financing sustainable development centred on three pillars: contributions on tax, investment, and international public finance. The agreement marks a milestone in forging an enhanced global partnership to foster universal, inclusive economic prosperity and improve people’s well-being while protecting the environment. The outcomes of the Conference now provide a strong foundation for countries to finance and adopt the proposed sustainable development agenda in New York in September, and to reach a binding agreement at the UN climate negotiations in Paris in December.

For further information on the outcomes of the third International Conference on Financing for Development, visit <http://www.iisd.ca/ffd/ffd3>.

Great Apes Survival Partnership (GRASP) Meeting: Hope for the Future of Great Apes In Southeast Asia

The Great Apes Survival Partnership (GRASP) held regional meetings on 27-28 July 2015 in Kota Kinabalu, Malaysia to promote collaboration and coordination among its partners in Southeast Asia. Dr. Biruté Galdikas, Founder and President of Orangutan Foundation International (OFI), and Mr. Satya Tripathi, Director of UNORCID, delivered the keynote speeches. Dr. Galdikas – one of the world’s foremost authorities on the orangutan, having studied and worked closely with the orangutans of Indonesian Borneo for over four decades – explained how deforestation, palm oil plantations, and illegal logging, mining, and hunting are the key conservation threats. Expanding on the importance of conservation efforts, Mr. Tripathi, who was also representing the wider UN Family at the regional meeting, stated that “the wellbeing of species like the Bornean Orangutan can be taken as an indication of the quality of human-planned development. Their ability to flourish is influenced by how we choose to manage our economies and societies in general.”

Conservation International considers Indonesia one of 17 megadiverse countries. It possesses 10% of the world’s flowering species, 12% of the world’s mammals, 16% of the world’s reptiles, 17% of the total species of birds, 270 species of amphibians, and is home to 35 species of primates, including the orangutan which can only be found on the Indonesian islands of Borneo and Sumatera. Based on figures from the ‘Orangutan Action Plan 2007-2017’ published by the Government of Indonesia in 2007, the estimated number of Bornean Orangutans in the wild is approximately 55,000. (having declined more than 50% over the past 60 years) and the estimated number of Sumateran Orangutans is 7,000 classifying them as critically endangered.

“The Future of the Bornean Orangutan: Impacts of change in land cover and climate” report was launched by GRASP at the regional meeting. The reports covers the distribution and availability of Bornean Orangutan habitats under changing climate conditions and land use developments and predicts a loss of around 69-81% of habitable areas by 2080 compared to that available in 2010. Further, the report includes an appraisal of land suitable for oil palm plantations and asks how the extent of the area might change under climate change projections and whether the change might have implications for

orangutan conservation.

Also unveiled at the regional meeting, were the four winners of the 2nd GRASP-Ian Redmond Conservation Award that encourages innovation, inspires leadership, and offers hope in the field of great ape conservation in Africa and Asia. The award winners have shown outstanding dedication to habitat protection, species conservation, community engagement, and animal welfare. Winners include Indonesia’s Dr. Jamartin Sihite, CEO of the Borneo Orangutan Survival Foundation (BOS Foundation), for successful reintroduction of orangutans into their natural habitats, including into ecosystem restoration concessions from government, the Samboja Lestari secondary forest, and the Bukit Batikap conservation forest. The other winners were Dr. Peter Apell for his work on chimpanzee health monitoring in Uganda, Mr. Mamaodu Saidou Deba Barry for his efforts to protect the chimpanzee from the illegal traders in Guinea, and Mr. Edwin Sabuharo for establishing a community-based tourism project in Rwanda.

Founded in 2001, GRASP is a United Nations initiative committed to ensuring the long-term protection of orangutans, chimpanzees, gorillas, and bonobos, and their habitats in Africa and Asia. Their activities include habitat protection, political advocacy, preventing illegal wildlife trade, green economy, disease monitoring, and conflict-sensitive conservation.

For more information on the meeting and to download the report, visit <http://www.unorcid.org/index.php/events-menu/past-events/417-grasp>



Asia-Pacific Regional Forum on Climate Change Finance and Sustainable Development Jakarta, Indonesia, 1- 3 September 2015

To successfully adopt the post-2015 development agenda and achieve the Sustainable Development Goals (SDGs), there is an increasing need to mobilize and effectively use all sources of finance – public and private, domestic and international. This annual conference on South-South exchange between countries in Asia-Pacific, aims to deepen exchanges on the role of climate finance in sustainable development to strengthen the partnerships for implementation of the SDGs. The conference will focus in particular on learning from experience and building understanding of how better to implement country-led reforms that integrate climate change objectives within the government planning and budgeting process, and how these reforms relate to the achievement of poverty reduction.



More information can be found at: <http://www.climatefinance-developmenteffectiveness.org/CFSDforum2015>

UNORCID Dialogue Series Event - El Niño: Learning from Past Experiences to Inform Planning and Response Jakarta, Indonesia, 7 September 2015

The El Niño Southern Oscillation (ENSO) is a climate phenomenon describing the yearly variations in the ocean-atmosphere relationship of the Pacific Ocean. Previous experiences of strong El Niño phenomena indicate a number of major potential environmental, economic and social risks for Indonesia. Analysis of climate data shows that the 2015-2016 El Niño will be particularly severe. On 7 September 2015, UNORCID will host a Dialogue Series event in collaboration with Bogor Agricultural University (IPB), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Children's Fund (UNICEF) and the United Nations World Food Programme (WFP) to compile experiences and lessons learned from past El Niño events and to assess the possible risks of an upcoming El Niño. The event will bring together key experts on climate, public health, economic development, social development, food security and forest and peatland fires to discuss and develop preparatory, preventative and response measures to be taken across different government agencies, the UN System, development partners and non-governmental organizations.



More information can be found at: <http://www.unorcid.org/index.php/events-menu/upcoming-meetings>

XIV World Forestry Congress 2015 Durban, South Africa, 7 - 11 September 2015

Forests are essential to life on our planet, to mitigating and adapting to climate change, ensuring adequate supply of fresh water, enhancing biodiversity and providing sustainable incomes and livelihoods, including food security. But they face unprecedented and unrelenting pressures. The XIV World Forestry Congress, hosted by the Republic of South Africa, will bring together the global forestry community to review and analyze the key issues and to share ways of addressing them. The Congress – the first to be held in Africa - aims at identifying and reviewing major issues facing forests and forestry, and proposing technical, scientific and policy interventions to promote forest sustainability. The Congress will provide an open forum in which the world's forestry community and partners from other related sectors can share and debate their knowledge, views and latest findings and establish and consolidate partnerships and networks. On the sidelines of the WFC, UNORCID will co-host an event entitled "The Way Forward via integrated South-South Cooperation".



WFC2015
XIV World Forestry Congress

More information can be found at: <http://www.fao.org/about/meetings/world-forestry-congress/en/>

The way forward via integrated South-South Cooperation Durban, South Africa, 7 September 2015

The sideline of the World Forestry Congress, this event - co-hosted by UNORCID - focuses on the role of South-South Cooperation (SSC) within the forestry sector and the inter-connected issues of food security and climate change mitigation. Besides an overview of historical SSC success stories, the session discusses various lessons learned from past and present SSC initiatives. This session provides a forum for exchange among ongoing SSC projects in the training, education, science and policy sectors and will enhance planned SSC within forestry. The collaborative integration of all stakeholders and a fluid transfer of local or regional development achievements is key for future SSC success at the economic, environmental and political level. This session will provide examples from governmental, private sector and technical/scientific SSC as well as individual studies with applicability and success potential in SSC.



More information can be found at: <http://www.iiasa.ac.at/web/home/research/researchPrograms/EcosystemsServicesandManagement/event/FAO-WFC2015.html>

Looking Forward: REDD+ post-2015 Durban, South Africa, 8 September 2015

On the sidelines of the World Forestry Congress 2015 in Durban, South Africa, the UN-REDD Programme is hosting 'Looking Forward: REDD+ post-2015' on the role of forests and a mechanism to reduce emissions from deforestation and forest degradation (REDD+) to fight climate change and realize sustainable development post-2015. The 2016-2020 role and strategy of the UN-REDD Programme will also be highlighted as a tool to realize this potential, particularly in the context of new UNFCCC guidance on REDD+ (Warsaw Framework for REDD+ and June 2015 Bonn SBSTA decisions), rising momentum for REDD+ and more diversified forest country REDD+ capacity development needs. Novia Widyaningtyas, Head of the REDD+ Sub-Directorate, Directorate General for Climate Change Control, Ministry of Environment and Forestry, Republic of Indonesia, will deliver a keynote speech at the event.

UN-REDD
PROGRAMME



For more information, and to register for the event, visit: <http://events.r20.constantcontact.com/register/event?oeidk=a07eb8gu945e3a20d05&llr=b90o6zqab>

Achieving Sustainable Energy for All in Indonesia New York, United States, 24 September 2015

Indonesia's Minister of Energy and Mineral Resources has confirmed that the country can no longer rely on non-renewable energy to secure energy sovereignty - one of the government's highest strategic goals. This event will provide an opportunity for the Government of Indonesia to describe its objectives and vision for renewable energy, and the linkages between this particular objective and the broader green economy transition. Member Nations, representatives of the UN System and SE4All will affirm their support to Indonesia's vision and explain the importance of Indonesia's commitments to global development priorities, and share their ideas of how the international community can help to deliver those commitments.



More information can be found at: <http://www.unorcid.org/index.php/events-menu/upcoming-meetings/422-nyc-se4indonesia>

United Nations Summit to adopt the post-2015 development agenda New York, United States, 25 - 27 September 2015

The United Nations Summit for the adoption of the post-2015 development agenda will be held from 25 to 27 September 2015, in New York and convened as a high-level plenary meeting of the General Assembly. The Summit seeks to determine a new agenda on an action plan for people, planet and prosperity. All countries acting in collaborative partnership will implement the agenda, pledging that no one will be left behind. It is essential to take the bold and transformative steps needed to shift the world on to a sustainable path. As Millennium Development Goals expire at the end of 2015, Sustainable Development Goals are taken into account to constitute a post-2015 development agenda.



More information can be found at: <https://sustainabledevelopment.un.org/post2015/summit>

Inter-Ministerial Dialogue on Energy and Climate Change New York, United States, 25 September 2015

The role of developing countries to simultaneously pursue energy sustainability and climate change mitigation and adaptation objectives in an integrated approach is increasingly prominent. In the road to SDG7 and a new global climate regime, policies, initiatives, models, and strategies within the energy sector should be shared, discussed, and mobilized towards achieving universal sustainable energy access. To this end, the Ministry of Energy and Mineral Resources of the Republic of Indonesia, the Sustainable Energy for All (SE4All) Initiative, and UNORCID will host an Inter-Ministerial Dialogue for energy ministers on 25 September on the sidelines of the United Nations General Assembly. For more information, please email events@unorcid.org.



UNFCCC COP21 Paris, France, 30 November - 11 December 2015

France is hosting and presiding the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21/CMP11), otherwise known as "Paris 2015" from 30 November to 11 December. COP21 is a crucial conference, as it aims to achieve a new international agreement on the climate, applicable to all countries, with the goal of keeping global warming below 2°C. France will therefore play a leading international role to ensure that various points of view converge and to facilitate the search for consensus by the United Nations, as well as within the European Union, which has a major role in climate negotiations.



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21-CMP11

More information can be found at: <http://www.cop21.gouv.fr/>



Published by United Nations Office for REDD+ Coordination in Indonesia (UNORCID)
Menara Thamrin Building, 5th Floor, Kav. 3, Jl. MH Thamrin PO Box 2338 Jakarta 10250, Indonesia
Email: newsletter@unorcid.org, Website: www.unorcid.org



www.facebook.com/unorcidjakarta



@UNORCID