



gaia

*Innovative Solutions
for Sustainability*

Indonesia-Norway REDD+ Partnership: first evaluation of deliverables

Final Report, 3 May 2011

Julian Caldecott, Mochamad Indrawan, Pasi Rinne and
Mikko Halonen

Gaia Consulting Ltd
in association with Creatura Ltd

www.gaia.fi





Indonesia-Norway REDD+ Partnership: first evaluation of deliverables

Contents

EXECUTIVE SUMMARY.....	3
ACRONYMS AND ABBREVIATIONS	6
1 INTRODUCTION.....	8
1.1 Norway's Climate and Forest Initiative.....	8
1.2 The Indonesia-Norway REDD+ Partnership.....	9
1.3 The Indonesian context.....	10
1.4 Evaluation tasks and methods.....	12
2 EVALUATION FINDINGS.....	14
2.1 Establishing a National REDD+ Agency	14
2.2 Moratorium on forest and peatland concessions	15
2.3 Designing an independent MRV institution	19
2.4 Establishing a temporary financing mechanism.....	20
2.5 Developing a National REDD+ Strategy.....	24
2.6 Selecting the first pilot province.....	26
2.7 Establishing a Joint Consultation Group	27
3 CONCLUSIONS AND RECOMMENDATIONS.....	28
3.1 Conclusions	28
3.2 Recommendations.....	31
Annex 1: Outputs, indicators and interview questions	32
Annex 2: People and institutions consulted.....	36
Annex 3: Documents consulted	38

EXECUTIVE SUMMARY

Purpose and methods. This is the report of the first independent annual evaluation of deliverables as agreed between the Government of Indonesia and Government of Norway, and envisioned under the Letter of Intent (LoI) that established the Indonesia-Norway REDD+ Partnership. It aims primarily to be an objective assessment of Indonesia's delivery on agreed indicators of the Phase 1 Joint Concept Note (JCN) as well as an input to decisions on the level of disbursement for 2011, and secondarily to discuss issues arising and make recommendations for the future. It is based on findings from a review of documents and 35 semi-structured interviews involving a total of 57 knowledge holders selected for their anticipated possession of knowledge about the Partnership, and their views as representatives of different government institutions, donor agencies, REDD+ projects, and civil society organisations.

Impact of the LoI process. Creating the capacity to deliver quantified and verified carbon mitigation through a market-acceptable, fully-safeguarded REDD+ modality has the potential to yield valuable benefits for Indonesia and important GHG emission gains for the world (assuming an effective global market for carbon savings). While building this capacity, the whole LoI process is also having an important educational impact, and has brought to the fore many questions that must be answered if REDD+ is to be made to work, some of them now being asked in Indonesia for the first time. Thus the Partnership is helping to transform many processes and relationships, which could have beneficial impacts on national circumstances and the fate of Indonesian ecosystems and peoples.

Establishing a National REDD+ Agency. The process of preparing for a National REDD+ Agency to succeed the existing REDD+ Task Force is complexly linked to the building of consensus regarding its role and legal mandate, the development of a National REDD+ Strategy, the formulation of a legal instrument to suspend forest and peatland conversions, and the building of the information and capacity needed to mitigate major damage to Indonesia's forest and peatland ecosystems, all of which are surrounded by both political and technical issues. There is a need to define for the Agency a particular set of functions which can attract enough support for it to be constituted in law and become effective and sustainable. Work on defining functions is underway, and the selection of the first pilot province offers the opportunity to build real partnerships at the provincial and district levels.

Moratorium on forest and peatland concessions. The issue of the moratorium is one of those that have amplified debate around much-needed reform of the forestry sector to allow increased transparency and space for participation. Such reform may require significant structural change if low-carbon development is to be mainstreamed, but this is bound to be resisted so the process of developing the relevant decree has absorbed much energy while creating certain risks. At the request of the President the decree is now in the office of the Vice President for resolution of differences between competing drafts.



Designing an independent MRV institution. Although existing MRV activities have been identified and an initial assessment on data gaps for the purposes of MRV has been completed, effective access to information currently held by the Ministry of Forestry remains an issue which also amplifies debate concerning forest sector reform. The separation of MRV from other elements of the REDD+ process (i.e. those responsible for on-the-ground delivery of emissions reductions, for negotiating REDD+ deals, and for managing the finance) is nevertheless required for the credibility of any REDD+ system, so the question of institutional control of information cannot be abandoned.

Establishing a temporary financing mechanism. The evaluators cannot comment on the process by which UNDP was appointed to advise the Task Force nor that by which McKinsey & Co. was awarded the facilitation support contract, except to note that some observers expressed reservations over one or both of these arrangements. The appointments nevertheless allow for necessary managerial and technical support to be provided to Task Force operations. Dialogue on a future intermediate-term funding arrangement is underway with input by the Ministry of Finance, development banks, donor agencies and NGOs.

Developing a National REDD+ Strategy. The requirement in the JCN that the Strategy should be in place by 1 January 2011 has not been met, but a process is underway that should deliver a fully-developed living document before the end of June. Although it is extremely hard to carry out multi-stakeholder dialogue satisfactory to all parties on any complex topic against tight deadlines, the process by which the Strategy has been developed is broadly consistent with the requirements of the Lol/JCN. It is encouraging that the issues around REDD+ are being talked about openly and increasingly participated in, and that the Task Force has continued building a forum for many rights issues to be discussed.

Selection of the first pilot province. The process used to select Central Kalimantan as the first pilot province was broadly consistent with the requirements of the Lol/JCN. Even though not fully compliant with the Lol's emphasis on emission gains from avoided deforestation, the choice can be considered appropriate because the province offers potentially-significant emission gains from peat protection, while also encapsulating many of the issues most relevant to the REDD+ process in Indonesia. The latter include serious problems with spatial planning and densely-committed concessions for logging, mining, plantations and REDD pilot projects. Success in Central Kalimantan will require a legal instrument to 'appoint' the pilot province, effective assistance with mapping and spatial planning, and concerted efforts to manage stakeholder expectations through increased transparency and participation.

Recommendations. Observers often stressed the need for a greater emphasis on the *quality of processes* rather than an exclusive focus on *outputs and dates*. This encourages the recognition that processes have value as indicators of progress that are additional to deliverables and deadlines. The following more specific measures are also suggested as ways for stakeholders to enhance the performance and sustainability of the Lol process:

- engage more actively with the Indonesian House of Representatives, to build support through increased understanding among parliamentarians of the strategic advantages of the Lol process for Indonesia;

- validate and improve Phase 2 indicators by consulting Indonesian government and civil society stakeholders as widely as possible during their development;
- give high priority to clarifying the location, condition and ownership status of degraded lands in the next phase of the Partnership, as this is key to the rational use of territory for low-carbon development outcomes; and
- encourage governments and others to join the Partnership by clarifying the terms applicable to new members, including arrangements for the effective coordination of approaches and actions among all members.

Assessment of overall progress. The Indonesian side has not yet accomplished certain deliverables, but this is for plausible reasons and corrective measures are underway; meanwhile more rapid progress than anticipated has been made in other areas. The independent evaluators therefore conclude that sufficient progress has been made for it to be reasonable to continue providing support over the coming year under the US\$30 million already paid into the UNDP Trust Fund. Funding beyond that already committed in 2010-2011 would need to be justified against the delivery of remaining agreed outputs, although the delays seen so far should not impact negatively on the eventual payments for preparation-phase deliverables when those are in place. We also suggest encouraging the Task Force to accelerate disbursement of its existing budget against the revised project documents and schedules that are now being prepared. Finally, the need for extra time to build consensus around complex and challenging issues suggests that it may be appropriate to extend the start-up phase, with the aim of increasing the certainty of achieving sustainable change on which further reforms can be built.

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AMAN	Indigenous Peoples Alliance of the Archipelago (<i>Aliansi Masyarakat Adat Nusantara</i>)
Bappenas	National Development Planning Agency (<i>Badan Perencanaan Pembangunan Nasional</i>)
CFI	Climate and Forest Initiative [of the Government of Norway]
CIFOR	Centre for International Forestry Research
CoP	Conference of the Parties
CSO	civil society organisation
DNPI	National Council on Climate Change (<i>Dewan Nasional Perubahan Iklim</i>)
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organisation [of the UN]
FLEGT	Forest Law Enforcement, Governance and Trade
GHG	greenhouse gas (e.g. CO ₂ , CH ₄)
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
HoB	Heart of Borneo
ICRAF	International Centre for Research on Agroforestry
IPCC	Intergovernmental Panel on Climate Change
IUCN	The World Conservation Union
JCG	Joint Consultation Group
JCN	[Indonesia-Norway] Joint Concept Note [Phase 1: 2010, to be updated annually]
KPPN	Treasury Office (<i>Kantor Pelayanan Perbendaharaan Negara</i>)
LCD	Low-carbon development
LoI	[Indonesia-Norway] Letter of Intent [of 26 May 2010]
LULUCF	land use, land-use change and forestry
MRV	monitoring, reporting and verifying [GHG emissions]
NGO	non-governmental organisation
REDD	Reduced Emissions from Deforestation and [forest] Degradation
REDD+	REDD with aims and safeguards as specified by the Cancún UNFCCC 16th CoP
SME	small/medium-sized business enterprise
ToR	Terms of Reference
UKP4	President's Delivery Unit for Development Monitoring and Oversight (<i>Unit Kerja Presiden Bidang Pengawasan dan Pengendalian Pembangunan</i>)



UNDP	United Nations Development Programme
UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
VPA	Voluntary Partnership Agreement
WALHI	Indonesian Forum for the Environment (<i>Wahana Lingkungan Hidup Indonesia</i>)
WWF	World Wide Fund for Nature

1 INTRODUCTION

1.1 Norway's Climate and Forest Initiative

Climate change has the potential to cause severe adverse impacts on rainfall patterns, agricultural potential, water resources and ecosystems, besides increasing the range of disease vectors and rendering coastal areas vulnerable to inundation and salt intrusion. Recent events are consistent with the early stages of climate change, and are attributed with a very high degree of confidence to radiative forcing as a result of the accumulation of anthropogenic greenhouse gases (GHGs¹) in the atmosphere. These arise from the burning of carbon-rich fossil fuels, and from land use, land-use change and forestry (LULUCF) activities, in which carbon-based compounds stored in above-ground ecosystems and soils are oxidised through fire and exposure to the air.

Fear of the potential impacts of climate change on the human condition, and concern over the collateral effects on natural ecosystems and biodiversity, led the international community to agree to limit global warming to below two degrees higher than the pre-industrial global mean temperature². The Government of Norway subscribes to this commitment and is making deep cuts in Norwegian domestic GHG emissions in the main fossil-fuel burning sectors. It has also begun the Climate and Forest Initiative (CFI) to reduce tropical LULUCF emissions. The CFI has been operating in Brazil, Guyana, Mexico, Tanzania, and the Congo Basin, and contributes to a number of international organisations and NGOs that have complementary aims³.

Although CFI expenditure is required to contribute to the objectives of Official Development Assistance, including human rights, livelihoods and biodiversity conservation, the CFI is primarily a climate mitigation initiative. An important focus is on reducing emissions from deforesta-

¹ Important GHGs include water vapour, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Key feedback mechanisms that can accelerate radiative forcing include that warm air holds and warm water releases greater amounts of water vapour, that melting permafrosts and decaying peat release methane, and that drying forests are more prone to fire.

² The work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention, reflected in the outcome of the Cancún UNFCCC 16th CoP, included the '2 Degree Celsius Target' in a CoP decision for the first time, while also noting that the current emissions reduction commitments are not sufficient to meet that Target. The Cancún decision defers to future negotiations a clear statement of a peak year for global emissions and a specific long term reduction goal for global emissions, but it states that the CoP will revisit the Target in 2013 to assess whether it needs to be strengthened to 1.5 degrees.

³ Including the following with programmes or activities in Indonesia: the Center for International Forestry Research (CIFOR), Centre for Clean Air Policy (CCAP), Clinton Foundation, Conservation International, Environmental Investigation Agency (EIA), Fauna & Flora International (FFI), Forest Peoples Programme, International Institute for Sustainable Development (IISD), Friends of the Earth Norway, Rainforest Foundation, Tebtebba Foundation, The Nature Conservancy (TNC), The Samdhana Institute, World Agroforestry Centre (ICRAF), World Resources Institute (WRI), WWF International, and the Global Canopy Programme.



tion and degradation (REDD), in ways that are consistent with the conclusions of the Cancún UNFCCC 16th CoP, which focussed attention on the need for mitigation actions in the forest sector of developing countries by reducing emissions from deforestation and forest degradation, conserving forest carbon stocks, sustainably managing forests and enhancing forest carbon stocks. The Cancún document states that such measures should “be consistent with the objective of environmental integrity and take into account the multiple functions of forests and other ecosystems”, while also being bound by safeguards to ensure the protection and participation of indigenous peoples and local communities and the conservation of natural forests and biological diversity. The term ‘REDD+’ is taken to indicate that all these and other aims and safeguards are to be taken into account in REDD implementation.

In any case, the CFI responds to a narrow window of time during which REDD+ can contribute significantly to reducing net GHG emissions, a window that will close when all tropical forests are either destroyed or permanently protected. Its focus is on the conservation of natural forest, the cost-effective reduction of GHG emissions, and the inclusion of REDD+ in the international financing regime for climate change mitigation. The latter would presumably also aim to address the main barrier to private capital being deployed into REDD+, which is the fact that there is little visibility on future market size, demand for credits, and prices. Otherwise, the particular priorities of the CFI lie in capacity building, the development of national strategies, payment for results, governance reform as needed, and civil society involvement.

1.2 The Indonesia-Norway REDD+ Partnership

With an extremely long coastline, a large and often densely-populated coastal zone, and landscapes that are becoming more prone to floods, droughts and fires, Indonesia is particularly vulnerable to climate change. It is also one of the largest national emitters of GHGs if LULUCF emissions are taken into account. The need for action on climate change has been recognised at the highest levels of the Indonesian government, with policy commitments to both mitigation and adaptation. An immediate driver of Indonesian government thinking on mitigation is the President’s unilateral commitment, at the G-20 Leaders’ Summit at Pittsburgh on 25 September 2009, that Indonesia will by 2020 reduce its GHG emissions by 26%, compared with the ‘business as usual’ scenario. The announcement also foresaw further reduction of up to 41% in the same terms, if international help is forthcoming. The National Council on Climate Change (DNPI) foresees that up to 85% of the country’s target will be achieved through peat and forest management.

These factors attracted the attention of the CFI to Indonesia, and negotiations led to the establishment of the Indonesia-Norway REDD+ Partnership through the signing of a Letter of Intent (LoI) by the Indonesian Minister of Foreign Affairs and the Norwegian Minister of Environment on 26 May 2010. The aim was to support Indonesia’s efforts to reduce emissions from deforestation and degradation of forests and peat lands. Indonesia agreed to take systematic and decisive action to reduce its forest and peat related GHG emissions, whereas Norway agreed to support those efforts by making available up to one billion United States dollars exclusively on a payment-for-results basis over the next few years. The LoI outlines principles and re-

quirements for the Partnership, upon which was based a Joint Concept Note (JCN) which describes the outputs that Indonesia has agreed to deliver, and the key performance indicators by which their satisfactory accomplishment would be demonstrated.

Although the Partnership is primarily a carbon mitigation measure focused on avoided deforestation and reduced peatland degradation, there are important co-benefits related to biodiversity, water, indigenous peoples, SME opportunities and environmental resilience which are also valued by different groups. There is broad agreement that to reduce LULUCF emissions it is necessary to reform the management of forests and peatlands, which to most observers means reforming the entire forest-governance sector⁴, as well as introducing a new regime for peatlands. These processes are being attempted by the actors and interest groups who are supporting and implementing the Lol and JCN, but are not necessarily supported by all elements in the Ministry of Forestry and the plantation sector.

1.3 The Indonesian context

Indonesia is a large, populous, equatorial and archipelagic country which for decades up to 1998 had a centralised authoritarian regime that applied a development model which, when measured by factors such as deforestation, pollution, biodiversity loss and human rights, was both destructive and unsustainable. A transition period in 1998-2002 was chaotic and even more destructive of natural resources, but since then dramatic changes have begun as democracy has flourished, civil society has been liberated and the media largely freed from censorship. Public concern and political support for social and environmental sustainability has been growing rapidly. This amounts to an important foundation for change, but the prevailing development model remains a high-carbon one, with a majority of GHG emissions from the LULUCF sector and chiefly related to deforestation, illegal logging and peatland conversion⁵:

- Deforestation. After peaking at nearly two million ha/year in 2002-3, the deforestation rate is now less than half of that. Deforestation is largely driven by the conversion of forest land to plantations, particularly of oil palms by large enterprises and smallholders, and of pulpwood trees by large companies, while mining is an additional factor. Such activities can be extremely profitable, and the interest groups they create represent formidable opposition to any change from 'business as usual'. Deforestation issues are complex, since they involve such factors as: the transfer of 'conversion forest' from control by the Ministry of Forestry to that of other line ministries, in a situation where maps are poor, inaccurate and ecologically unfounded, and where 'institutional' forests are often not the same

⁴ Some stress that what is really at stake is increased participatory governance over Indonesia's land and forest resources, including the possibility of public entities outside the Ministry of Forestry becoming officially involved in parts of the Forest Estate for the first time, and the opening up of the data and mapping issue by involving multiple stakeholders so as to help improve forest management and spatial planning.

⁵ *Update of the Country Environmental Profile for Indonesia*, by Julian Caldecott and Mochamad Indrawan (EU Delegation, Jakarta, 2009).

as real forests; the abandonment of forests that have been allocated to companies for conversion to plantations, but that have simply been heavily logged and left unsupervised to be occupied informally by smallholders who clear the land using fire; the allocation of portions of 'conversion forest' within landscapes otherwise dedicated to 'production forest', which then become vulnerable to fire as a whole; and the creation of new districts and provinces, which induces their governments to finance themselves by selling logging and conversion rights.

- **Illegal logging.** This is of concern to government partly because of lost tax revenues which would have been obtained if the same timber had been harvested legally, partly because it can do far more damage to forest ecosystems than well-managed legal harvesting, and partly because it endangers forests that have been set aside for conservation and may lead to the loss of biodiversity and ecosystem services such as water catchment and carbon storage functions. At the local level, intact forests are often all that stand between communities and the impacts of failing water supplies, siltation of waterways, loss of forest products, wild fires, floods and land slides. All agree that illegal logging is pernicious and must be halted since it undermines forest governance, the high quality of which is critical for reducing deforestation and forest degradation.
- **Peatland conversion.** Indonesia possesses immense areas of peatland, especially in Sumatra, Kalimantan and Papua. Peatland degradation may account for some 65% of Indonesia's GHG emissions, yet is ambiguously treated in national land-use planning and allocation systems. The precise location and depth of peat deposits are uncertain because of poor mapping, but about half the remaining lowland forests in Indonesia are believed to grow on peatlands. Policy development on peatlands has been limited, since less than one percent of GDP is contributed by activities involving peat, although their significance for GHG emissions is quickly changing this. The discovery that peatlands are suitable for growing oil palms has drastically changed their land-use dynamic, and government policy is for smallholders to grow oil palms, with a target of four million hectares to be converted in this way.

Indonesian policy attention to climate change mitigation is reflected both in the 26% emissions-reduction commitment and in a general intention, manifested in various policies, guidelines and processes, as well as in specific provincial initiatives (e.g. in Aceh, Kalimantan and Papua), to promote 'green economy' measures (including sustainable, low-carbon development). What is emerging in Indonesia, therefore, amounts to a strategic re-visioning and reform of the whole trajectory of national economic development in favour of greater sustainability. This is an important and positive change, and its acceleration is an implicit or explicit goal of much activity by the Government of Indonesia (GoI) and its partners in development, including Norway.

It should not be forgotten, however, how recently the change began, nor that it involves an extremely diverse set of processes. These are all moving at different speeds and involve different sets of actors and interest groups, who variously promote or resist transition in accordance with their sectoral, institutional or regional interests. Furthermore, as a result of a national decentralisation process, much authority over all aspects of development has been transferred from central government to the country's 33 provinces (led by elected governors) and particularly to more than 500 districts and urban municipalities (led by elected regents and mayors). The result is highly complex and made more so by a great diversity of overlapping and/or



conflicting laws and regulations of various degrees of potency (e.g. local and central decrees, bylaws and national laws), and by a currently widespread lack of capacity to implement them.

1.4 Evaluation tasks and methods

1.4.1 Terms of reference

The Lol specifies three phases of the Partnership: Phase 1 'Preparation'; Phase 2 'Transformation'; and Phase 3 'Contributions for verified emission reduction'. The Phase 1 JCN describes the expected outputs and key performance indicators agreed by the Governments of Indonesia and Norway for the first phase, which started in 26 May 2010 and was due to end on 31 December 2010. These key performance indicators constitute the benchmarks for assessing progress, and are hence the focus of the first independent evaluation of deliverables. The outputs and indicators are listed in Annex 1, alongside the related questions for knowledge holders that were used in the semi-structured interviews described below. Gaia Consulting Ltd was tasked with preparing a report that would primarily be an objective assessment of Indonesia's delivery on agreed indicators of the Phase 1 JCN as well as an input to decisions on the level of disbursement for 2011. A secondary role would be to discuss issues arising, and to make recommendations for the future.

1.4.2 Progress of the assignment

Julian Caldecott (Team Leader) and Pasi Rinne (Chair of the Gaia Group, Back-up and Quality Assurance Specialist) were briefed at the Ministry of Environment in Oslo on 1 March 2011, by Leif John Fosse (Senior Adviser, Ministry of Environment), Pharo Per Fredrik Ilsaas (Deputy Director, Climate and Forest Initiative) and Mette Kottmann (Senior Adviser, Ministry of Foreign Affairs). Meanwhile, Mochamad Indrawan (Institutions, Laws and Decentralisation Specialist) briefly visited Central Kalimantan, where he interviewed some key knowledge holders in the province. Caldecott and Rinne also joined a wrap-up meeting in Oslo on 8 April 2011, with the same participants as before plus two other advisers of the Ministry of Environment: Andreas Dahl-Jørgensen and Andreas Tveteraas.

Caldecott and Indrawan were briefed at the Royal Norwegian Embassy in Jakarta on 7 March, and debriefed there on 21 March. Ambassador Eivind S. Homme participated in the briefing, and Rini Ariani Sulaiman (Climate Change and Forestry Adviser) in the debriefing. Other participants in both meetings were Marianne Damhaug (Minister Counsellor), Hege Karsti Ragnhildstveit (Counsellor) and Jon Heikki Aas (Counsellor).

In addition to meetings at the Embassy, a total of 35 semi-structured interviews were undertaken in Jakarta and Bogor, guided by questions listed in Annex 1 and in most cases with both Caldecott and Indrawan participating. Almost all were of one to three hours' duration, and they involved the 57 knowledge holders listed in Annex 2. Interviewees were chosen for their anticipated knowledge of the Partnership, and for their views as representatives of different government institutions, donor agencies, REDD+ projects, and CSOs. It is duly noted in the

interests of bias control that several of the interviewees represented institutions that have received funding directly or indirectly from the Norwegian CFI.

Almost everyone of whom an interview was requested proved compliant and communicative, freely giving their time and frankly sharing their knowledge and perceptions of the Partnership and its achievements and problems. The team is extremely grateful to all concerned. Interview data were supplemented by a review of documents provided to the team by the Ministry, Embassy and interviewees, and these are listed in Annex 3. There was also regular dialogue with Pasi Rinne and Mikko Halonen (Economics Specialist), both of whom also later made inputs to the final reporting process and the analysis upon which it was based.

During the field visit Preliminary Findings Reports were submitted to the Ministry of Environment (Oslo) and Royal Norwegian Embassy (Jakarta) on 14 March and 20 March. The first was intended to provide the opportunity for the mission to be guided while there were still a few days available for data collection in Indonesia. The second aimed to give an indication of preliminary conclusions, so that comments could be received at the debriefing and prior to developing this Final Report.

Section 2 of this report summarises the progress made relative to the stipulations of the Lol and JCN, and discusses the current status and issues arising in relation to the seven outputs required of Phase 1 of the Partnership. Section 3 presents conclusions, and also some recommendations for the future development of the Partnership.

The Gaia team was able to bring complete independence and neutrality to the evaluation, along with a high degree of knowledge concerning low-carbon development in general and REDD+ issues in particular, and deep familiarity with Indonesian conditions and circumstances. It will however be appreciated that time available for the work in Indonesia was restrictive given the scale and complexity of the intervention. It was also noted that the context and aims of the Partnership and its key stakeholders are evolving rapidly, and that the baseline achieved through this evaluation will quickly become out of date. These facts may have implications for the planning and timing of future evaluations.



2 EVALUATION FINDINGS

2.1 Establishing a National REDD+ Agency

2.1.1 The REDD+ Task Force

Presidential Decree (*Kepres*) 19/2010 was signed on 20 September 2010, creating a REDD+ Task Force (*Satuan Tugas* or '*Satgas*') with the following overall mandate: (a) to prepare for the establishment of a National REDD+ Agency; (b) to ensure the development of a National REDD+ strategy and national action plan for the mitigation of GHG emissions; (c) to set up a funding instrument; (d) to set up an independent MRV system; (e) to develop the selection criteria and strategy for implementation in pilot provinces; and (f) to prepare and implement other assignments in accordance with the Lol.

Relevant to the last point, the Task Force was also granted the authority: (a) to coordinate follow up by relevant ministries, agencies and regional governments; (b) to establish strategies, policies and priorities, and monitor implementation of relevant decrees; (c) to receive, manage, use, and coordinate international assistance, whether in the form of funding or other support, in accordance with national rules and regulations; (d) to establish cooperation with third parties to implement the Lol, including appointment of consultants or financial institutions; and (e) to obtain information and the technical support of ministries, agencies, regional governments and other concerned parties in the implementation of its assignment.

The Task Force comprises ten people appointed for the period 31 December 2010 to 30 June 2011⁶ and identified by name (rather than institution) in the Decree: Kuntoro Mangkusubroto (UKP4), Heru Prasetyo (UKP4), Anny Ratnawati (Ministry of Finance), Lukita Dinarsyah Tuwo (Bappenas), Joyo Winoto (National Land Agency), Hadi Daryanto (Ministry of Forestry), Masnellyarti Hilman (Ministry of Environment), M. Iman Santoso (Cabinet Secretariat), Agus Purnomo (DNPI), and Nirarta Samadhi (UKP4)⁷. The Head of the Task Force (who is also Head of UKP4) reports directly to the President, and all Task Force members are senior officials of relevant ministries and other agencies.

Facilitated by UKP4 staff there are six working groups, each with 4-7 members and focused on: (a) the National REDD+ Strategy; (b) the National REDD+ Agency and Lol governance; (c) the

⁶ Article 9 of *Kepres* 19/2010 states that "The REDD+ Task Force shall accomplish the tasks at the latest by 31 December 2010 or with an extension until 30 June 2011" ("*Satgas REDD+ menyelesaikan tugas paling lambat tanggal 31 Desember 2010 atau dapat diperpanjang hingga 30 Juni 2011*").

⁷ Some observers commented on the absence from the Task Force of representatives of the ministries responsible for mining, agriculture and public works.

funding instrument; (d) the MRV institution and the moratorium; (e) communications and multi-stakeholder engagement; and (f) the pilot province. Key internal processes of the Task Force are consistent with those outlined by the Lol/JCN and are based on consultation with relevant stakeholders, although observers did note a lack of routine information flow among the technical teams, and between the Task Force and other entities. The Task Force is seen as energetic and efficient, but an increased investment in dialogue processes in the regions would be worthwhile, particularly in the first pilot province.

2.1.2 The REDD+ Agency

The role of the REDD+ Agency will grow after it is established, and eventually a law will be needed to give it an appropriate mandate. This will require careful management of awareness-raising and support-building in the House of Representatives (Parliament), which is currently proceeding through dialogue with individual MPs, and lobbying of MPs by CSOs, donors and academics inclined to support the Task Force's objectives. It is important to get this right, since only the Parliament is in position to deliver the legal framework, budgetary support, and social control and oversights that will be needed.

Issues of current debate include that of the Agency's 'horizontal reach', with a role of *coordinating*, or *facilitating*, or *instructing*, i.e. whether it should just coordinate and guide other institutions, or have a more assertive role. If the latter, should it implement directly, or empower other agencies to implement, or facilitate capacity building among CSOs, local government, etc. to enable them to implement? These choices have important implications for financial management and the allocation of funds.

Constructive experimental activity in the pilot provinces (e.g. on confirming forest boundaries and data on licences, and identifying and correcting capacity needs among stakeholders) is an essential step to build support and to demonstrate what can be done quickly and well. The Task Force seeks to create a network of interacting experiments among the nine most-forested provinces that were candidates to become the first pilot, recognising that all provinces will need support on mapping and baselining of capacities, resources and threats, as well as access to a common package of technology, capacity building, knowledge management, software, hardware, laws, etc.

2.2 Moratorium on forest and peatland concessions

2.2.1 The moratorium process

The JCN (though not the Lol) envisions that during Phase 1 groundwork would be completed in the form of a "baseline on forest and peat land cover as well as ownership rights" to allow "a two-year moratorium on forest and peatland concessions" to be implemented effectively and with "optimum social, environmental, and economic implication". The JCN does not specify whether this is about logging or forest conversion (since 'concessions' could apply to either), thus creating the opportunity for interpretation and debate. The Lol is clearer in stating that

during Phase 2 there should be implementation of “a two year suspension of all new concessions for conversion of peat and natural forest” (VII.c.i).

A temporary suspension of this nature could be achieved in two ways: (a) by those responsible for issuing licenses refraining voluntarily from doing so; or (b) through some form of binding declaration by the national executive. The JCN stipulates that a legal basis for the moratorium should be established that provides “for a legally binding commitment in the provinces, including direction for an enforcement mechanism.” The legal complexities and ambiguities surrounding decentralisation and the authority to issue concessions of various kinds have led attention to focus on a Presidential decree as the preferred means of instituting the required moratorium. The JCN calls for the moratorium to be effective from 1 January 2011, so implies that the development of the necessary decree will also have been done during the preparation phase, an expectation that has not been met as no such decree has been issued. The Lol is less demanding, since here the two-year moratorium is merely to begin sometime during Phase 2.

By the time of the evaluation two draft decrees had been prepared, one by the Task Force and one by the Ministry of Forestry⁸. Some emphasise their essential similarity, while others note differences of substance and the interpretation of key terms that would affect the scope of the moratorium (e.g. whether it would cover all logged or unlogged natural forests, or only unlogged areas that are not yet licensed). In any case, the two drafts have been passed by the President to the Vice President, with the request that the latter resolve any outstanding differences and finalise the decree for signature. The need to go beyond business as usual appears well understood at Presidential/Vice-Presidential level, but there are existing laws and regulations to consider, as well as concerns over tenurial issues and potential government liabilities in law⁹.

2.2.2 Issues around the moratorium

The JCN, by announcing the deadline and duration of an impending moratorium of unspecified but potentially huge scope and economic impact, created several risks. One was that there would be a rush to obtain licences or amend spatial plans in favour of forest conversion just before the deadline, and there is indeed anecdotal evidence that this occurred in places. Another was that stakeholders with an interest in logging and forest conversion would simply wait out the moratorium, while resisting the reform processes for which the moratorium was intended to create space. Yet another was that interest groups and lobbyists would use their own analyses of the impact of the moratorium on jobs and economic activity to build political

⁸ The existence of a second draft of this provenance inevitably calls into question the Ministry of Forestry's commitment to the Task Force.

⁹ Concerns apparently informed by the fact that the Ministry of Forestry was once successfully sued for compensation by a company whose 30-year licence logging had been revoked, even though the concession area had been completely deforested.

coalitions against forest conservation, and this has certainly occurred¹⁰. Considering the divergencies between the Lol and the JCN on the subject of the moratorium, and their implications, a conclusion is that great clarity and rigour are required to ensure that treaties such as the Lol are both explicit and coherent with the detailed plans for their implementation, including in this case the Phase 1 JCN and, going forward, the Phase 2 JCN.

The impact of the moratorium itself will largely be determined by the decree's content, and much attention has already been focused on the ambiguous wording and differing scope and definitions of the two drafts. Once promulgated, the decree will be closely analysed by stakeholders with a wide range of expectations. Within this range is the common hope that the moratorium will be comprehensive enough to have a real impact in mitigating emissions from conversion, and that it will prepare the way for more far-reaching forest governance reform, including a review of the extent, legality, compliance and 'swappability' (to degraded lands) of existing licenses, while also clarifying forest tenure, definitions, and the extent and state of natural forest and peatlands.

Another important factor will be the status of the decree, and there are three tiers available under the relevant framework law¹¹. In ascending order of strength these are: (a) the Inpres (*instruksi presiden* or 'Presidential instruction'), which is binding only on those, such as ministers and heads of agencies, who are answerable directly to the President; (b) the Kepres (*keputusan presiden* or 'Presidential decision'), which is binding on every Indonesian; and (c) the Perpres (*peraturan presiden* or 'Presidential regulation', which is not clearly distinguished from *peraturan pemerintah* or Government Regulation, over which the President also exerts influence). The decree creating the REDD+ Task Force is a Kepres, while the moratorium drafts are at Inpres level and hence of more limited mandatory reach.

It should finally be mentioned that an effective moratorium might prompt a backlash from businesses and local communities, where cancelled licenses and operations may lead to lawsuits between businesses and government, and/or between labour and businesses, while local tenure, access and stewardship arrangements may also become further confused. Meanwhile, however, the Task Force seems determined to focus on the importance of what actually happens on the ground during the moratorium and how a pause in forest conversion can be used to reform governance of forest and peatland, to develop one accurate base-map and registry of concessions, and to organise the swapping of good forest areas for degraded ones for the purposes of plantation development.

¹⁰ For example, a delegation from Commission IV of the Indonesian House of Representatives (DPR) visited Norway from 20-26 March 2011 to "Supervise against the Lol", armed with information on economic and business impacts provided by the forestry and plantation sector (e.g. that the Indonesian Chamber of Commerce, KADIN, has estimated that the moratorium would cause an eight percent reduction in GDP by 2014).

¹¹ *Undang-Undang Nomor 10 Tahun 2004 tentang Pembentukan Peraturan Perundang-undangan*.

2.2.3 Forest maps and licenses

A key underlying problem is that there is no single coherent map of Indonesian forest lands and licences applicable to them. Based on existing, incoherent, maps the total forest area is somewhere between 90 and 133 million hectares (i.e. 110 ± 20 million ha, or $\pm 18\%$). Uncertainty derives from the different laws (and therefore definitions) used by the different line ministries involved (i.e. those responsible for forestry, agriculture, mining, etc.), and development of a credible base-map of forests and concessions is urgently necessary. The Task Force proposes to do this by putting a single draft map on the Web, inviting corrections supported by evidence, and updating the draft every six months. This is an excellent idea, but will take time to implement.

In addition to the 'one map' concept, a number of stakeholders (including the Task Force) take the view that during the moratorium (or perhaps instead of it) a comprehensive review is needed of all existing licenses to determine their underlying legality and compliance with forest management rules. Who would undertake this review is open to question and the issue has considerable potential to generate tension and controversy. Many observers argue that under no circumstances should the process be controlled by a single line ministry in the 'business as usual' manner, and that the Task Force itself would be a more appropriate base for it.

Such a review could yield revoked areas which if protected (i.e. if any production or conversion forest were subsequently re-designated as conservation forest) would yield huge benefits that could be accounted as REDD gains. There would then be no sovereignty question and only existing laws would be used. Combined with the license review, a voluntary amnesty could be offered to people who think that they may have an illegal license. The area could be returned without penalty and any returned licence could be compensated with degraded land, if such could be found that is unencumbered by legal, social, environmental and economic issues. Apart from such encumbrances, another important factor is that knowledge of the size, distribution and condition of degraded lands is as yet too unreliable to allow for certainty that such land swaps are possible in practice¹². Clarification of the degraded land situation in the next phase of the Partnership would therefore be an extremely useful undertaking.

2.2.4 Illegal logging and trade in timber

Although mentioned in the Lol as a deliverable of Phase 2 of the Partnership, the Ministry of Forestry has already made considerable progress in this area. The US Government's amendment of the Lacey Act to prohibit the import of illegal timber, and the EU Timber Regulation with the same effect from March 2013 (which also requires traders to carry out due diligence on their suppliers), have both facilitated negotiation of a new timber trade agreement known as the Voluntary Partnership Agreement (VPA) between the EU and Indonesia. The Timber

¹² The Ministry of Forestry claims that a total of about 35 million hectares of degraded land has been identified, while Bappenas suspects that the true figure is close to 70 million and unreliably mapped.

Regulation and VPA are linked, in that Indonesia asked the EU to assist with illegal logging by legislating against illegal timber entering EU markets. Once the EU committed to this legislation, Indonesia moved rapidly to develop a robust and credible certification system.

Thus the VPA will harmonise with a national timber legality assurance system known as SVLK (*Sistem Verifikasi Legalitas Kayu*), and EU customs authorities will exclude non-SVLK licensed Indonesian products. The SVLK is based on independent auditing by ISO-accredited auditors against a multi-stakeholder legality standard, and giving civil society the right to complain, and potentially suspend a company's timber exports, if they find evidence of illegality using the standard. The underlying process of civil society participation in SVLK, and the way this is organised (with trained civil society 'eyes in the forest'), may well provide a useful precedent for civil society participation in monitoring and supporting the enforcement of spatial and other development plans that encourage low-carbon outcomes.

2.3 Designing an independent MRV institution

2.3.1 Function of the MRV institution

Establishment of an effective MRV institution is essential for transparency, but defining its function (i.e. the purpose, features and utility of the MRV system) is necessary before consensus can be built for its establishment as an independent entity to manage maps and data. The Task Force produced an initial design for the MRV system, based on a hub and spoke model, by the end of December 2010, but observers noted that its further development has been delayed by preparation of the draft moratorium decree (see Section 2.2.1).

2.3.2 Design of the MRV institution

The Task Force has begun developing the core MRV system, and a comprehensive report on confirming forest boundaries and data on licences (what the Task Force call 'hygiene measures', which are necessary for any form of MRV) will be completed during 2011. This will be done alongside a multi-stakeholder process to develop a clear plan for establishing an independent MRV institution. A leading candidate upon which to base the core of the MRV system is the Indonesian National Carbon Accounting System (INCAS) at the Ministry of Forestry. It should be noted, however, that the separation of MRV from other elements of the REDD+ process (i.e. those responsible for on-the-ground delivery of emissions reductions¹³, for negotiating REDD+ deals, and for managing the finance) is an *absolute requirement* for the credibility of any REDD+ system. This is also why the Lol stresses the need for an independent MRV institution. The implication is that no one line ministry should be responsible for more than one of these functions, especially in the case of MRV.

¹³ Which in the case of LULUCF emissions must include the Ministry of Forestry, provincial and district governments, all those involved in the spatial planning and delivery of development activities, and civil society organisations.

2.3.3 Current distribution of information

The Ministry of Forestry holds a database on degraded lands which indicates that 35.5 million hectares are for this reason suitable for plantation development and restoration. These areas may not always be free of usage and ownership claims by forest-dependent people, but observers at the Ministry do show confidence in their data and map holdings related to the various forms of land tenure and concessions within the Forest Estate and applicable to recent excisions. These data will however need to be verified, and made publicly available for the purposes of transparency.

2.4 Establishing a temporary financing mechanism

2.4.1 Current arrangements

The Lol specifies that Norway will contribute funds to Indonesia's REDD+ efforts in the order of US\$1 billion. These funds are to be released in response to results actually achieved, and they are divided into two components. The first contribution is payable on achieving results of an institutional and legislative nature (i.e. building the capacity to undertake REDD+ arrangements and deliver verified emission reductions), and the second, which will cover most of the funding, will be released only if verified emission reductions are actually delivered. Of the first component, there is an advance commitment of US\$30 million to meet the costs of start-up measures during the Preparation Phase under the Lol, and especially to allow the Task Force to work effectively considering that it lacks an Indonesian government budget line. Norway's intention at all stages is to operate through an internationally reputable financial institution, and in the case of the Preparation Phase UNDP was asked to help with implementation so the initial sum of US\$30 million was paid into the UNDP Trust Fund. This is regarded as an interim financial arrangement, pending the development of an innovative permanent financial instrument that can combine national ownership and capability building with robust and credible adherence to international fiduciary, environmental and social standards (see Section 2.4.4).

In any case, as originally posited by the Task Force, UNDP would be the fiduciary agent with roles as a financial channel, contract manager and financial overseer, while the Task Force would decide on the substance and approaches, there would be no UN consultants as such, and UNDP would merely assist in the implementation of a nationally-owned process. Just before an agreement to this effect was concluded, it was decided that competition would be desirable and ADB was also asked to submit a proposal. Nevertheless, UNDP was then awarded the contract for a six-month activity known as 'Support to the Indonesia REDD+ Task Force', which would deliver the outputs against the budget components as listed in Table 1.

The time needed for political deliberations, consultation and consensus building in the Lol process seems at first to have been under-estimated, and this is reflected in the demanding nature of the main outputs, as well as ambitious wording and tight deadlines. Delays between signing the Lol and a cost-sharing agreement with UNDP meant that implementation started only in October 2010, with at least another six months needed for the deliverables. Meanwhile,

a Norwegian delegation in October agreed that there was a need to amend the schedule, and the Phase 1 JCN reflects this. The JCN and UNDP Project Document were prepared almost simultaneously, and UNDP is in effect measuring progress against the JCN. The line between Phase 1 and Phase 2 of the Lol, however, has now become rather blurred because of unexpectedly rapid progress in some areas (e.g. initiation of Task Force activities in the pilot province) and delays in others (e.g. the National REDD+ Strategy).

Table 1: Support to the Indonesia REDD+ Task Force (outputs and budget)	
Output name	Budget
1. Special REDD+ Agency, including operation of the preparatory Task Force established	US\$ 4.9 m
2. Effective implementation and M&E framework for National REDD+ Strategy developed	US\$ 2.3 m
3. National communications and empowerment program for REDD+ developed and initiated	US\$ 8.3 m
4. Funding instrument and safeguard mechanism developed	US\$ 2.3 m
5. MRV framework developed	US\$ 5.2 m
6. Criteria for selection of province for REDD+ pilot prepared	US\$ 1.2 m
7. Plan for suspension of forest conversion concessions developed	US\$ 3.8 m
Total	US\$ 28.0 m
8. Quick and efficient project delivery with solid fiduciary management	US\$ 0.7 m

2.4.2 Overview of progress

Relative to the JCN, UNDP claims to have achieved 40-50% of substantive deliverables with the expenditure of about 10% of the foreseen budget. This imbalance is attributed mainly to the over-estimation of costs. For example, selection of the pilot province was budgeted at US\$ 1.2 million, but actually cost only around US\$ 100,000. Under normal circumstances, UNDP would have developed a Project Initiation Plan over 6-12 months to fully scope and design the intervention during a start-up phase, but this could not be done here because of the implementation modality involved (see Section 2.4.3).

Other reasons for reduced spending rates include the slow start up, a culture of 'value for money' at UNDP, the need to develop ToR and specifications for various activities, and the fact that with no infrastructure and limited procurement involved, most spending has been on knowledge services. Added to these factors, the whole enterprise needed to go through a political dialogue (e.g. on the moratorium) before much money could be spent on activities.



The net result is that there is a lot of money left over, and the Project Document is currently being reviewed by the Task Force and revised for UNDP Board consideration¹⁴.

The evaluators must also note that reservations were expressed by members of the Task Force regarding operational problems that have interfered with the delivery of the high-quality and high-speed responses that were expected from UNDP, including issues of slow procurement. These observers stressed the need to ensure better quality control and more timely results from support procured through the UNDP, although they also noted UNDP's positive attitude toward improving performance.

In any case, since activities will be shifted to the first pilot province, spending will be needed at both national and provincial level. It is also relevant that the Task Force has expressed the intention of developing a network of REDD provinces, as noted in Section 2.1.2. This is consistent with Norway having expressed an interest in seeing measures underpinning the moratorium and other elements of the Lol in all major forested provinces, especially those (such as East Kalimantan and Papua) most at risk from deforestation displaced by measures taken elsewhere (i.e. leakage). Thus there may be scope for undertaking 'hygiene' measures in a number of provinces in 2011, and for spending more rapidly on developing the national carbon registry and other database systems.

2.4.3 Facilitation support arrangements

The UNDP is operating according to a National Execution modality, with the Task Force being the National Implementation Partner, so all actions are done at the request of the Task Force. There is strong ownership and leadership of the Lol process from the Task Force, but at the beginning its own in-house capacity was over-estimated and they lacked mid-level managers. The Task Force brought in a Chief Operating Officer, and others, but still acknowledges the need for outside expertise. The relationship between UNDP and the Task Force was therefore re-defined and in late February 2011 UNDP was asked to provide additional expertise (e.g. from the Regional Office in Bangkok, and other UN resources such as UNESCO on public communications), to help frame strategic questions and identify needs and solutions.

The operational, procurement and financial management activities of UNDP remain an important part of the support expected by the Task Force from this source. Because of the changing nature of its relationship with the Task Force, however, UNDP has had to alter its own arrangements. For example, the Project Management Unit positions were originally tilted towards operations, procurement and financial management, which is no longer appropriate, and additional national expertise needs to be brought in as a matter of priority. A management consultancy recruitment process has also had to be adjusted, and after an international tendering process using UNDP fast-track procedures, the Task Force directed that this be

¹⁴ Some observers felt that it would also be helpful for Norway, UNDP and UKP4 to sit together with government as well as CSO stakeholders (especially AMAN) to discuss the budgetary allocations both earlier and more frequently.

cancelled and a new 'facilitation support contract' be awarded to McKinsey & Co., based on their past involvement with climate change issues in Indonesia. The scope of this contract¹⁵ is to facilitate: the development of the blueprint of the REDD+ Agency and governance; the development of the implementation plan for the moratorium on new licenses; the consolidation of sub-national baseline information for the MRV System; and the planned Bali conference on the Interim and Long-term Funding Mechanism (see Section 2.4.4). The contract is also intended to support the REDD+ Task Force in developing the design and implementation of policy and strategy.

2.4.4 Longer-term financing arrangements

Observers tend to agree that the "internationally reputable financial institution" envisioned by the LoI (VI.d) to manage the REDD+ funding instrument should: (a) be attractive to donors (i.e. it should be respected, familiar, trusted); (b) have a record of strong performance (i.e. it should be effective, efficient, fast and with flexible processing abilities, in both Indonesia and donor/investor countries); and (c) it should be able to distribute funds to beneficiaries in appropriate ways including at the forest landscape level, while implementing pre-agreed safeguards. It is also agreed that different funding flows must be considered, including *inputs* (e.g. paying for reform and capacity building processes), *outputs* (e.g. paying for performance), and *investments* (e.g. co-venturing with private companies on carbon mitigation projects).

Consideration of *outputs* would need to address the possibility that an international REDD+ financing regime will be established that applies to above-ground biomass but not to peat, as has so far been the case with UNFCCC CoP decisions. In this case, Norway's grant support could perhaps be directed differentially to carbon storage in peatlands (and other lacunae in the international system), since other mechanisms will be available for forests. Meanwhile, attention to *investments* suggests that the Task Force is aware of the need to attract private investment into REDD+ activities, but the current focus is on finding ways to manage public funding available through the Partnership and other mechanisms. This may be inhibiting planning for the far larger capital flows that are needed from private sources if Indonesia's economy is to be transformed in a low-carbon direction.

The Task Force organised a meeting in Bali on 24-25 March 2011 to analyse lessons learned as an input to the design of the financial institution. Participants were planned to include knowledge holders from other countries covered by the CFI (e.g. Brazil, Guyana), and multilateral banks and agencies (e.g. UNDP, World Bank, ADB), as well as other countries that have shown support for or joined the Partnership. In a second round, the Task Force proposes to look at ways to harmonise REDD+ financing with the Indonesian government budgeting system.

¹⁵ Terms of Reference, 'Facilitation Support to the Indonesia REDD+ Task Force' (RFP/UNDP REDD+/004/2011). These ToR reserve the right to modify the scope and deliverables in view of the evolving nature of the work of the REDD+ Task Force.

A Task Force technical team is taking the lead in exploring all these matters, comprising members from the ministries of Finance and Environment, DNPI and DebtWatch Indonesia (representing multiple CSOs). The idea is to review and adapt basic principles and experience, and to present a tentative design to the Task Force. The aim is a medium-term financing instrument which can evolve into a longer-term one. A draft design is being developed through personal and institutional consultations with the World Bank, ADB, UN-REDD (which comprises UNDP, FAO and UNEP) and bilateral donors (DFID, AusAID, USAID). Also being studied are various trust fund modalities, such as those established for the Congo Basin, Brazil and Guyana.

Current thinking is focused on a 'hybrid model', in which embedded within a lead agency (such as a multilateral development bank) there would be a financial institution (such as an Indonesian bank appointed by tender) that is able to deliver distributed benefits. An alternative (perhaps complementary) approach would involve temporarily supporting a specialised unit for REDD within the Ministry of Finance on a 'government system plus' model, based on identifying risk areas, defining needs and solutions, and 'topping up' the system within the specialised unit to international standards of public financial management while building capacity (through training, operational guidelines, procedures, etc.) so as progressively to render such assistance unnecessary.

In any case, foreign funding support to Indonesia is normally delivered via the 'on budget on treasury' modality, meaning that it is recorded in the budget and allocated by the Treasury Office (KPPN), but this often results in delayed release of budgeted funds. The technical team is therefore considering alternative fund-channelling mechanisms and modalities that would better suit its purposes. Precedents are provided by the BRR in Aceh, which used three different types of fund channelling (i.e. 'on-budget on-treasury', 'on-budget off-treasury', and 'off-budget off-treasury'), and large donors such as USAID and AusAID which use 'on-budget off-treasury' channelling for their national programmes. The latter modality is characterised by funding being recorded in the budget (for transparency and accountability) but spent not through the KPPN but via a separate institution (for fast and flexible disbursement).

2.5 Developing a National REDD+ Strategy

2.5.1 The Strategy process

Although UPK4 personnel were assigned to REDD in June 2010, they lacked a mandate prior to the Presidential Decree of 20 September. In the interim, Bappenas drafted a Strategy with the support of UN-REDD, using what has been described as an excellent multi-stakeholder approach¹⁶ and regional, national and international consultations. This was presented on 24 September 2010, and there was an international consultation in Bali on 2 November and a

¹⁶ Comments on the draft included inputs by the Forest Peoples Programme, the Rainforest Foundation Norway, Civil Society Networking, the UN-REDD programme and the UN Office on Drugs and Crime.

national consultation at Bappenas on 10 November. The draft was, however, perceived as being too critical of the forest sector (because of its emphasis on high LULUCF emissions), too weakly linked to the *National Action Plan for GHG Emission Reduction* (e.g. in lacking economic analysis), and paid insufficient attention to the underlying drivers of deforestation. The Task Force, Bappenas and Ministry of Forestry were then instructed to prepare a consolidated version, and agreed the contents list and main themes of the Strategy.

In early March 2011, the Task Force hired five individual expert writers (Daniel Murdyarso, Hariadi Kartodiharjo, Sonia Dewi, Mubariq Ahmad, and Giorgio Budi Indrarto) on six-week contracts. These are responsible for: (a) reviewing analyses of carbon markets, co-benefits, etc. and for canvassing opinion among key senior officials; (b) preparing draft content, for review by the relevant technical team; and (c) by the second week of April preparing an advanced draft for review and finalisation by the Task Force. The Strategy will then be subject to public consultation, after which it will be published by June 2011 as a living document, and used to guide implementation in the pilot province and elsewhere.

2.5.2 Multi-stakeholder consultation

It is extremely hard to carry out meaningful inclusive dialogue on any complex topic against tight deadlines, and the results are never likely to satisfy all observers. Some describe the process around the REDD+ Strategy as 'excellent', others as merely 'token', the latter observers pointing out, for example, that workshops in the provinces started with the participants having minimal understanding and able only to articulate their concerns in a general way. It is also the case that different groups perceive government institutions as having different levels of commitment to multi-stakeholder consultation (and to higher levels of participation, up to involvement in decision making). In the Indonesian context, however, it is very positive that the issues around REDD+ are being talked about openly and increasingly participated in. This is challenging civil society to formulate and communicate evidence-based policies, in which they have previously had little opportunity to participate. It should be added that the Task Force has continued building a forum for many rights issues to be discussed, and that this is widely welcomed even though not all the expectations thus created have been met.

2.5.3 Five pillars of the Strategy

The core of the Strategy identifies five pillars or themes on how to address the drivers of deforestation. The first two chapters will give an overview of what has happened in Indonesia, what is at stake, and the root causes of deforestation, and will introduce and rationalise a concentration on these five key themes. The latter comprise: (1) review of institutions; (2) review of laws and regulations; (3) a multi-stakeholder strategy, to define procedures and standards for inclusion and cooperation; (4) cultural change, to shift mind-sets and paradigms for legislation and administration, and thereby encourage and enable sustainable outcomes; and (5) implementation of strategic initiatives. It is unclear whether the Strategy will address the principles and arrangements needed for generating and distributing financial benefits effectively and equitably.

2.6 Selecting the first pilot province

2.6.1 Selection criteria

Criteria to select the first pilot province were identified in a national workshop held in June 2010, and focused on governance, biophysical attributes of forests, socioeconomic characteristics, and availability of data. There were nine candidate provinces and all participated in a National Consultation to review and agree the criteria. Afterwards regional consultations, each with several score participants, were organised by the Ministry of Forestry in five of the candidate provinces (Central Kalimantan, Papua, East Kalimantan, Riau, and Jambi), and then by UN-REDD, WWF and Kemitraan in the other four (Aceh, South Sumatra, West Kalimantan, and West Papua). The selection of Central Kalimantan was announced in a cabinet meeting at the end of December 2010.

2.6.2 Choice of Central Kalimantan

The process of selection is subject to the same reservations as noted in Section 2.5.2 for the National REDD+ Strategy (i.e. that multi-stakeholder consultation is hard in principle and was imperfectly undertaken in practice). The province is a challenging venue for REDD+, as it has potential problems associated with: governance (e.g. decentralisation and the perhaps excessive de-facto power of the district heads); technical issues (e.g. how to move forward with governance of forest and peatland in the context of the almost-finalised provincial spatial plan); densely-packed existing concessions (e.g. for logging, mining, plantations¹⁷ and REDD pilot projects¹⁸); and the concept of REDD+ itself (which despite socialisation efforts by Kemitraan remains poorly understood). Central Kalimantan is three-quarters lowland area and 60% of this is peatland; recent data suggest that it has the highest deforestation rate among the Kalimantan provinces. There is much factionalism, and extreme care and heavy investment in socialisation processes and inter-factional dialogue is needed if progress is to be made. The province can nevertheless be seen as a good choice, since it contains an abundance of issues typical of the country as a whole, including boundary disputes between sub-districts, competition over tenure, overlapping tenure systems and concession licenses, mining in Forest Estate areas, etc.

¹⁷ It is reported that the districts in Central Kalimantan have issued 80 concession units for oil-palm plantations, including nearly 720,000 hectares in forest areas not officially designated for conversion.

¹⁸ Current REDD+ Pilot Projects in Central Kalimantan include: Rimba Raya Biodiversity Reserve, Katingan Peat Forest Restoration Project, Sebangau National Park, Kalimantan Forest Climate Project, Mawas Peatland Conservation Project, Katingan and Gunung Mas, Murung Raya, Kapuas Regency, Block E and A North areas of Ex-Mega Rice Project, Capacity building and good governance at Provincial Level, Lamandau Wildlife Reserve, Pulang Pisau, Indocarbon.

2.6.3 Priorities in the pilot province

The Task Force aims to create a strong foundation from which to identify priorities for REDD+ implementation in Central Kalimantan, in line with the five pillars of the Strategy. The focus is on trust building and developing local ownership so that progress on the ground can continue regardless of events at the central level. Because of the history of provincial-central dialogue over the financing of the rehabilitation of the ex-Mega Rice area, there is a legacy of distrust and the provincial government is seeking an legal instrument to authorise their participation in REDD+, to delineate their tasks, functions, responsibilities and rights, and to give them confidence in the relationship with central government. This could be achieved by including reference to Central Kalimantan as the pilot province in a decree to establish the National REDD+ Agency. In any case, an accountable legal basis is essential if the province is to commit and absorb resources, since otherwise there may be conflict with Indonesia's rigorous public finance requirements. There is also a need for: (a) implementation and technical guidelines, as well as criteria and indicators for selecting REDD+ sites in the province; (b) improved communication about the nature and purpose of the initiative, and with it the management of local expectations; (c) increased awareness of the government's financial requirements in relation to required accountability mechanisms for the regions; and (d) assistance with accurate mapping to support spatial planning, the latter being the foundation for REDD+ designation of locations.

2.7 Establishing a Joint Consultation Group

The Norwegian side is clear on their own participants in the JCG, which in order of rank comprise the Prime Minister, the Minister of Environment, the Director of the Climate and Forest Initiative, and the Ambassador to Indonesia. Indonesian participation is constrained by issues surrounding the mandate of the REDD+ Task Force and planned-for Agency, which as noted will require a stronger basis for establishment (i.e. in descending order of strength: a Law, a Government Regulation in lieu of Law, or a Government Regulation). Thus the JCG remains informal as the Task Force has no separate legal mandate to represent the Government of Indonesia. It would not necessarily be helpful to resolve the issue of JCG participation in advance of the necessary legislation.

3 CONCLUSIONS AND RECOMMENDATIONS

3.1 Conclusions

Context of the Lol process. Climate change was propelled into Indonesian public consciousness as a result of the 13th UNFCCC Conference of the Parties in Bali in December 2007. Since then there has been an accelerating process during which new priorities, policies, regulations, relationships and technical changes have been confronted at an overwhelming pace, with the President's 2009 Pittsburgh Commitment on emissions reduction being an important milestone. An integrated national response to climate change and transition away from 'business as usual' is emerging, but demands cross-sectoral planning and coordination, as well as the right legal and institutional arrangements for formulating and implementing policies and programmes. Thus the Lol arose after several years in which the groundwork for transformational change was being laid through processes both internal to Indonesia and in dialogue with the international community, and it has raised issues that have become ripe for discussion and perhaps resolution.

Impact of the Lol process. Creating the capacity to deliver quantified and verified carbon mitigation through a market-acceptable, fully-safeguarded REDD+ modality has the potential to yield valuable benefits for Indonesia and important GHG emission gains for the world (assuming an effective global market for carbon savings). While building this capacity, the whole Lol process is also having an important educational impact, and has brought to the fore many questions that must be answered if REDD+ is to be made to work, some of them now being asked in Indonesia for the first time. Thus the Partnership is helping to transform many processes and relationships, which could have beneficial impacts on national circumstances and the fate of Indonesian ecosystems and peoples.

Establishing a National REDD+ Agency. The process of preparing for a REDD+ Agency to succeed the Task Force is complexly linked to the building of consensus regarding its role and legal mandate, the development of a National REDD+ Strategy, the formulation of a moratorium decree, and the building of the information and capacity needed to suspend or mitigate major damage to Indonesia's forest and peatland ecosystems, all of which are surrounded by both political and technical issues. There is a need to define for the Agency a particular set of functions which can attract enough support for it to be constituted in law and become effective and sustainable. Work on defining functions is underway, and the selection of the first pilot province offers the opportunity to build real partnerships at the provincial and district levels.

Moratorium on forest and peatland concessions. The issue of the moratorium is one of those that has amplified debate around much-needed reform of the forestry sector to allow increased transparency and space for participation. Such reform may require significant structural change if low-carbon development is to be mainstreamed. Such changes are bound to be resisted, so the issue of the moratorium is a vexed one. The process of developing the relevant

decree has absorbed much energy while creating certain risks, but has brought to the fore a number of questions that simply must be answered if REDD+ is to be made to work. As one observer noted, exactly the right questions are now being asked in Indonesia for the first time. The decree is now in the office of the Vice President for resolution of differences between competing drafts.

Designing an independent MRV institution. Although existing MRV activities have been identified and an initial assessment on data gaps for the purposes of MRV has been completed, effective access to information currently held by the Ministry of Forestry remains an issue which also amplifies debate concerning forest sector reform. The separation of MRV from other elements of the REDD+ process (i.e. those responsible for on-the-ground delivery of emissions reductions, for negotiating REDD+ deals, and for managing the finance) is nevertheless required for the credibility of any REDD+ system, so the question of institutional control of information cannot be abandoned.

Establishing a temporary financing mechanism. The evaluators cannot comment on the process by which UNDP was appointed to advise the Task Force nor that by which McKinsey & Co. was awarded the facilitation support contract, except to note that some observers expressed reservations over one or both of these arrangements. The appointments nevertheless allow for necessary managerial and technical support to be provided to Task Force operations. Dialogue on a future intermediate-term funding arrangement is underway with input by the Ministry of Finance, development banks, donor agencies and NGOs.

Developing a National REDD+ Strategy. The requirement in the JCN that the Strategy should be in place by 1 January 2011 has not been met, but a process is underway that should deliver a fully-developed living document before the end of June. Although it is extremely hard to carry out multi-stakeholder dialogue satisfactory to all parties on any complex topic against tight deadlines, the process by which the Strategy has been developed is broadly consistent with the requirements of the LoI/JCN. It is encouraging that the issues around REDD+ are being talked about openly and increasingly participated in, and that the Task Force has continued building a forum for many rights issues to be discussed.

Selection of the first pilot province. Despite difficulties with multi-stakeholder dialogue, the process used to select Central Kalimantan as the first pilot province was broadly consistent with the requirements of the LoI/JCN. Even though not fully compliant with the LoI's emphasis on emission gains from avoided deforestation¹⁹, the choice can be considered appropriate because the province offers potentially-significant emission gains from peat protection, while also encapsulating many of the issues most relevant to the REDD+ process in Indonesia. The latter include serious problems with spatial planning and densely-committed concessions for logging, mining, plantations and REDD pilot projects.

¹⁹ Compare the LoI text: "The province must have large intact tracts of rainforest and face planned deforestation and forest degradation projects of a scale that will have significant impact on national emissions levels if implemented" (VI.e).

Implementation in the pilot province. Success in Central Kalimantan will require a legal instrument to 'appoint' the pilot province, effective assistance with mapping and spatial planning, and concerted efforts to manage stakeholder expectations through increased transparency and participation, including sensitivity to the costs and benefits likely to be experienced by indigenous communities. It is in particular necessary to dispel the impression that REDD+ is just another cash-based transaction scheme, but will instead help mainstream informed consent and wide participation in sustainable, low carbon development. This will help respond to the fact that district heads have been facilitating the uncontrolled development of oil-palm concessions under the pretext of regional autonomy.

Development of Phase 2 indicators. While it is possible in principle to write a list of performance indicators for Phase 2 of the Partnership, based on deadlines for actions committed to and already underway²⁰, it would be most helpful if this list were to be developed in dialogue with the Task Force and further improved through consultation with other government and civil society stakeholders. This would make a strong contribution to national acceptance of and commitment to the Lol process, help relieve any residual anxieties over conditionality and sovereignty, and would be consistent with the principles of inclusive participation which permeates the Lol and JCN, and which are central to governance reform in the forest sector.

Messaging. Several observers noted that important messages about the Partnership are not being clearly conveyed. These relate to: (a) strategic benefits to Indonesia (even if delayed and involving trade-offs), which include the opportunity to develop the capacity to sell carbon using the systems that Norway is helping to develop (as well as the important co-benefits to Indonesia of conserving forest ecosystems); (b) the fact that Norway is not in the Partnership to buy carbon offsets or credits, and is making deep emission cuts at home quite separately; and (c) public awareness of the work of the Task Force. Given the need for parliamentary support for the success of the Partnership, improved messaging could usefully focus on members of the House of Representatives, and particularly Parliamentary Commissions III, IV and VII. The use of regional and international parliamentary forums could be explored in this context, and the utility of sponsored visits to Norway and CFI countries should be considered, for parliamentarians as well as leaders from the pilot province(s).

²⁰ For example: (a) a Presidential decree creating a REDD+ Agency to succeed the REDD+ Task Force by 30 June 2011 (or extension of the Task Force Decree, and an Agency declaration by 31 Dec 2011); (b) a comprehensive base-map of Indonesia's forest resources, jurisdictions and concessions placed on the Web by 30 Apr 2011 and edited in light of comments and evidence with new versions released by 31 Oct 2011, 31 Apr 2012, 31 Oct 2012; (c) a National REDD+ Strategy completed as a living document by 30 Jun 2011; (d) a Presidential decree creating an Independent MRV system by 31 Dec 2011; (e) All forest boundaries and data on licenses confirmed in Central Kalimantan by 31 Dec 2011; (f) All forest boundaries and data on licenses confirmed in Papua, East Kalimantan, Riau, Jambi, Aceh, South Sumatra, West Kalimantan, and West Papua by 31 Dec 2012; (g) Assessment on data gaps for the purpose of MRV completed and a process to correct them in place by 31 Dec 2011; and (h) An intermediate-term financing instrument accepted by Indonesia and Norway operational by 31 Dec 2011.

3.2 Recommendations

The Indonesian side has not yet accomplished certain deliverables, but this is for plausible reasons and corrective measures are underway; meanwhile more rapid progress than anticipated has been made in other areas. The independent evaluators therefore conclude that sufficient progress has been made for it to be reasonable to continue providing support over the coming year under the US\$30 million already paid into the UNDP Trust Fund. Funding beyond that already committed in 2010-2011 would need to be justified against the delivery of remaining agreed outputs, although the delays seen so far should not impact negatively on the eventual payments for preparation-phase deliverables when those are in place. We also suggest encouraging the Task Force to accelerate disbursement of its existing budget against the revised project documents and schedules that are now being prepared. Finally, the need for extra time to build consensus around complex and challenging issues suggests that it may be appropriate to extend the start-up phase, with the aim of increasing the certainty of achieving sustainable change on which further reforms can be built.

Meanwhile, observers often stressed the need for a greater emphasis on the *quality of processes* rather than an exclusive focus on *outputs and dates*. This encourages the recognition that processes have value as indicators of progress that are additional to deliverables and deadlines. Also identified was the need for concerted efforts to manage expectations and public understanding in the pilot province especially. The following more specific measures are also suggested as ways for stakeholders to enhance the performance and sustainability of the Lol process:

- engage more actively with the Indonesian House of Representatives, to build support through increased understanding among parliamentarians of the strategic advantages of the Lol process for Indonesia;
- validate and improve Phase 2 indicators by consulting Indonesian government and civil society stakeholders as widely as possible during their development;
- give high priority to clarifying the location, condition and ownership status of degraded lands in the next phase of the Partnership, as this is key to the rational use of territory for low-carbon development outcomes; and
- encourage governments and others to join the Partnership by clarifying the terms applicable to new members, including arrangements for the effective coordination of approaches and actions among all members.



Annex 1: Outputs, indicators and interview questions

Indonesia-Norway REDD+ Partnership: Outputs and Indicators listed in the Terms of Reference with questions used in semi-structured interviews during the evaluation of deliverables (March 2011)		
Outputs (from ToR)	Performance indicators (from ToR)	Evaluation questions
Output 1: Preparation for the establishment of a National REDD+ Agency reporting directly to the President. A REDD+ Task Force will be created as a foundation and to define the scope of the REDD+ Agency through a multi-stakeholder process. The Agency is responsible for leading the design, oversight, and, when deemed necessary by the Agency, implementation of a national REDD+ strategy including the two-year moratorium, coordinating all REDD+ initiatives including all international contributions, setting-up a funding instrument, ensuring appropriate measures to address conflict and compensation claims, ensuring the institutionalized monitoring, reporting and verification of safeguards, and strengthening local institutions to implement REDD+ initiatives.	1. Presidential decree creating a REDD+ Task Force with the mandate to: (a) Establish a National REDD+ Agency; (b) Ensure the development of a National REDD+ strategy; (c) Set up a funding instrument; (d) Set up an independent MRV system; and (e) Develop the selection criteria and strategy for implementation in pilot provinces. 2. REDD+ agency's mandate, high level structure, organization design, and key internal processes are defined as described under output 1 opposite and through consultation with relevant stakeholders. 3. A plan to make the REDD+ Agency take over the mandate of the REDD+ Task Force by June 2011 and be fully operational by end of 2011, is in place.	1.1. Is there a Presidential decree to create a REDD+ Task Force with an appropriate mandate, structure, design and internal processes? 1.2. Are existing plans for establishing the National REDD+ Agency likely to deliver on schedule? 1.3. Are there any emerging problems with the establishment process?
Output 2: Groundwork for implementation of a two-year moratorium on forest and peatland concessions is completed to ensure implementation that is effective and has optimum social, environmental, and economic implication. It is recognized that the goal for implementing the moratorium is both to have timely on-the-ground environmental impact in reducing defores-	1. Moratorium is effective from January 1st 2011, including: (a) Established an explicitly preliminary baseline on forest and peat land cover as well as ownership rights, and a process for improving this baseline throughout the moratorium period; (b) Identify implementation policies for how the goals described under output 2 opposite will	2.1. What is the status of the proposed moratorium? 2.2. Are there valid and useful baseline data and maps on forests, peatlands and ownership rights?



tation and forest and peat land degradation, to show the way towards environmentally sustainable land use over time, and to create an initial baseline on the critical elements of forests and peat lands as well as degraded lands (including biophysical and legal status) that is strategic to the effectiveness of the implementation of the REDD+ strategy in the future for reducing deforestation and forest and peat degradation.	be achieved; (c) Establishment of a legal basis for the two-year moratorium providing for a legally binding commitment in the provinces, including direction for an enforcement mechanism. 2. Identification of data gaps for verification of environmental, social and economic impacts of the moratorium, and consultant(s) to address the data gaps selected and commissioned.	2.3. Are there effective processes for improving the baseline and to identify weaknesses, emerging problems and measures needed for improvement? 2.4. What would be the best ways to verify impacts of the moratorium? 2.5. Are there any emerging problems?
Output 3: Establishing the initial design for an independent monitoring, reporting, and verification (MRV) institution that will set up a system for anthropogenic forest and peat related greenhouse gas emissions by sources and removals of sinks, forest carbon stocks, and natural forest, as specified in the Lol. The MRV institution will have the following mandates: (a) Monitoring and providing reports on land and forest covers that include annual report and more frequent reports that function as an early warning system; (b) Providing all relevant and sound data to the public in accordance with Indonesian laws on public disclosure and right to information; (c) Authority to procure or to access any and all information it deems appropriate and necessary within its mandate from all official Indonesian entities as well as civil society and private sector sources and consolidate all relevant data namely activity data and emission factor data to monitor forest carbon emission; and (d) Establish and further develop national capabilities to measure and monitor activities affecting forest carbon stocks.	1. Existing MRV activities identified and initial assessment on data gaps for the purpose of MRV completed. 2. Mandate, organizational structure, member roles and terms of reference for members of the MRV institution developed following consultation with relevant multi-stakeholders. 3. A clear plan for establishing an independent MRV institution by 2011.	3.1. What is the status of existing MRV activities and where are there data gaps? 3.2. What kind of progress has been made in designing the MRV institution and assigning roles, rights and responsibilities within it?



Output 4: Put in place a temporary funding instrument appropriate for financing activities for Phase one that operates to the satisfaction of Indonesian authorities, and managed according to established international standards - including fiduciary, governance, environmental, and social safeguards.	1. An interim financing instrument, operating to the satisfaction of Indonesian authorities, and managed according to established international standards, including fiduciary, governance, environmental, and social safeguards, is operational and agreed to by Indonesia and Norway.	4.1. What is the status of the interim financing instrument?
Output 5: [Completion, through a satisfactory process of a] National REDD+ Strategy that addresses key drivers of forest and peat land related emission ... and has been developed through a credible, transparent, inclusive, and institutionalized multistakeholder process to a level that can provide clear direction for activities in Phase two. The strategy will be open for periodic adjustments so as to better cater to the changing needs on the ground. The strategy will cover: (a) Establishing a regulatory climate and implementation protocol including ratifying policies related to REDD+ implementation, disseminating REDD+ guidelines, and distributing benefits and responsibilities fairly; (b) Implementing catalysts of change as needed, including reform of land use planning and sector development; reform in legal and law enforcement; improve the local economy; strengthen stakeholder involvement processes, and transparent governance processes; and (c) Reforming key sectors related to REDD+ including forestry, agriculture, and mining.	1. A version of the National REDD+ Strategy that addresses and proposes high level remedies for key drivers, actors and processes of deforestation, and forest and peatland degradation completed. The strategy will be a living document for further refinement by the REDD+ Agency and will be translated into a national action plan. 2. Development of the National REDD+ Strategy follows a transparent, inclusive, credible, and institutionalized consultative process with all key stakeholders including representatives from indigenous peoples (<i>masyarakat adat</i>), local communities, Indonesian universities, the private sector, civil society, and selected Indonesian and international research institutions. 3. The strategy proposes methods for implementing FPIC and equitable benefit sharing. 4. Transfer of ownership and responsibility of the National REDD+ strategy from Bappenas to REDD+ Task Force completed.	5.1. What is the status of the National REDD+ Strategy, and how is it to be implemented?
Output 6: Selection of the first pilot province in order to: (a) Achieve reduced emissions from deforestation and forest and peat land degradation; (b) Set an example for other provinces in Indonesia, including the demonstration of needed policies and	1. Selection criteria for pilot province has gone through consultation with relevant multi-stakeholders and agreed to by all parties. 2. Pilot province selected has large intact tracts of rainfor-	6.1. What was the process of consultation and decision-making by which the pilot province was selected?



institutions according to the guidelines and principles for national Indonesian REDD+ effort as described throughout this document and in the Lol; (c) Experiment [with] different REDD+ projects for future nation-wide implementation; (d) Test and refine newly established institutions (e.g. REDD+ Agency, MRV, Financial Instrument); and (e) Demonstrate Indonesia-Norway partnership's commitment to address the global climate change challenge.	est and faces planned deforestation and forest degradation projects of a scale that will have significant impact on national emissions levels, if implemented.	
Output 7: Appointing the necessary focal points in the Governments of Indonesia and Norway, as well as establishing a Joint Consultation Group, with the following mandates: (a) Undertake diplomatic efforts for the Indonesia-Norway Partnership including to promote the Partnership and encourage other development partners to participate and contribute; (b) Serve as a formal communication forum for Indonesia-Norway Partnership; (c) Align expectations and develop agreements between Indonesia and Norway in implementing all deliverables related to Lol.	1. Terms of Reference of the Joint Consultation Group agreed. 2. The Joint Consultation Group has the mandate specified opposite. 3. One formal focal point for the implementation of the Lol appointed for [each of] the Government of Indonesia and the Government of Norway.	7.1. What is the status of the Joint Consultation Group and does it have an appropriate mandate and GoI/GoN focal points?



Annex 2: People and institutions consulted

Institutions represented	People interviewed
Central Kalimantan government	Dr Siun Jarias (Provincial Secretary)
Save Our Borneo	Nordin (Director)
WALHI Central Kalimantan	Ari Rompas (Executive Director)
	Lorna Dowson-Collins (Consultant)
Ministry of Forestry	Dr Hadi Daryanto (Secretary General), Dr Nur Masripatin (Director, Centre for Standardization & Environment)
WWF Indonesia	Adam Tomasek (WWF Leader, Heart of Borneo Initiative)
Multistakeholder Forest Partnership	Andy Roby (UK Co-Director and FLEGT VPA Facilitator), Diah Raharjo (Program Director)
GIZ Forests & Climate Change Programme	Rolf Krezdorn (Director), Barbara Lang (Team Leader for Policy, Strategy, Institution Building)
Greenomics Indonesia	Elfian Effendi (Executive Director)
Indonesia Australia Forest Carbon Partnership	Dr Timothy C. Jessup (Forest and Climate Change Specialist), Dan Heldon (First Secretary, Environment and Climate Change)
EU Delegation	Thibaut Portevin (Programme Manager Environment), Peter Maher (Head of Development Cooperation)
World Bank	Dr Tim Brown (Senior Environment Specialist), Eri Indrawan (Senior Forestry Specialist), Emile Jurgens (Consultant Forest & Climate Change Specialist)
REDD+ Task Force and the President's Delivery Unit for Development Monitoring and Oversight (UKP4)	Heru Prasetyo (Deputy I of the REDD+ Task Force and UKP4), Aichida Ul-Aflaha (UKP4 Staff), Muhammad Zaky Prabowo (Staff to the Head), Roy Rahendra (Assistant to the Head)
National Climate Change Council (DNPI)	Agus Purnomo (Presidential Adviser on Climate Change & Head of Secretariat), Farhan Helmy (Secretary of the Mitigation Working Group)
Asian Development Bank (ADB)	Mohammed Nasimul Islam (Water Resources Management Specialist), Thomas Panella (Principal Water Resources Specialist)
US Agency for International	Alfred Nakatsuma (Director Environment Office), Dr Carey



Development (USAID)	Yeager (Senior Environment Specialist)
Netherlands Embassy	Ben Zech (First Secretary, Environment)
Finnish Embassy	Krystyna Krassowska (Climate Change Adviser)
British Embassy	Gerard Howe (Head, DFID Indonesia), Smita Notosusanto (Governance Adviser DFID), Gustya Indriani (Deputy Programme Manager DFID), Rob Daniel (Head, FCO Climate Change and Economy Group)
World Resources Institute (WRI)	Moray McLeish (Project Manager, Palm Oil, Timber, Carbon Offsets, People & Ecosystems Programme), Rauf Prasodjo (Research Assistant)
Samdhana Network	Pete Wood (Consultant)
Indigenous Peoples Alliance of the Archipelago (AMAN)	Abdon Nababan (Director)
World Agroforestry Centre (ICRAF)	Dr Meine Van Noordwijk (Principal Scientist), Dr Suyanto (Environmental Economist), Gamma Galudra (Policy & Tenure Specialist), Dr Atiek Widayati (Spatial Analyst)
Centre for International Forestry Research (CIFOR)	Frances Seymour (Director General), Dr Andrew Wardell (Director of Forests & Governance), Dr Louis Verchot (Principal Scientist and Domain Leader, Forests & Environment), Dr Cecilia Luttrell (Research Associate, Forests & Governance), Dr Maria Brockhaus (Scientist, Forests & Governance); Dr Dayu Pradjna Resosudarmo (Scientist, Forest & Governance)
Borneo Orangutan Survival Foundation (BOSF)	Dr Jaqui Sunderland-Groves (Adviser)
United Nations Development Programme (UNDP)	Beate Trankmann (Country Director), Stephen Rodrigues (Deputy Country Director Programmes), Dr Budhi Sayoko (Assistant Country Director, Head Environment Unit), Tomoyuki Uno (Programme Officer Climate Change)
National Development Planning Agency (BAPPENAS)	Dr Basah Herwono (Director for Forestry and Water Resources Conservation)
Partnership for Governance Reform (Kemitraan)	Farah Sofa (Programme Manager, Forests and Climate Change)
Wetlands International – Indonesia Programme	Yus Rusila Noor (Programme Manager)
Royal Norwegian Embassy in Jakarta	Eivind Homme (Ambassador), Marianne Damhaug (Minister Counsellor), Hege Karsti Ragnhildstveit (Counsellor), Jon Heikki Aas (Counsellor), Rini Suleiman (Advisor).



Annex 3: Documents consulted

Bappenas (2011) *Policy Coordination Forum on Climate Change*. Ministry of National Development Planning/Bappenas (Jakarta, February 2011).

Bappenas et al. (2010) *The Indonesian REDD Strategy*, by the National Development Planning Agency (Bappenas), the Ministry of Forestry, the Ministry of Agriculture and the President's Delivery Unit for Development Monitoring and Oversight (UKP4), Jakarta, September 2010.

Bayunanda, A. (2011) *Reconfiguring Strategy for Engaging Natural Production Forest Management in The Heart of Borneo*, by Aditya Bayunanda (WWF Indonesia, Jakarta, April 2009).

CFI (2011) *Climate and Forest Initiative funding through Norad civil society grant facility, 2010-2012*. Spreadsheet provided by the Norwegian Ministry of the Environment, Oslo.

CFI (2011) *Climate and Forest Initiative, Norad grant recipients with activities/plans in Indonesia - February 2010*. Spreadsheet provided by the Norwegian Ministry of the Environment, Oslo.

Chan, A. (2010) *Illegal Logging in Indonesia: The Environmental, Economic and Social Costs*, by Alda Chan (BlueGreen Alliance, April 2010).

Dewi, S., Suyanto, van Noordwijk, M. (2010) *Institutionalising emissions reduction as part of sustainable development planning at national and sub-national levels in Indonesia*. ALLREDDI Brief 4 (ICRAF World Agroforestry Centre South-East Asia Regional Programme, Bogor).

DNPI (2010) *Indonesia's Greenhouse Gas Abatement Cost Curve*. Dewan Nasional Perubahan Iklim, Jakarta, August, 2010.

Ekadinata, A. and Dewi, S. (2010) *Estimating losses in aboveground carbon stock from land-use and land-cover changes in Indonesia (1990, 2000 and 2005)*. ALLREDDI Brief 3 (ICRAF World Agroforestry Centre South-East Asia Regional Programme, Bogor).

Ekadinata, A., Widayati, A., Dewi, S., Rahman, S. and van Noordwijk, M. (2011) *Indonesia's land-use and land-cover changes and their trajectories (1990, 2000 and 2005)*. ALLREDDI Brief 1 (ICRAF World Agroforestry Centre South-East Asia Regional Programme, Bogor).

Galudra, G., van Noordwijk, M., Suyanto and Pradhan, U. (2010) *Hot spots of confusion: contested policies and competing carbon claims in the peatlands of Central Kalimantan, Indonesia*. ASB Policy-brief 21 (ASB Partnership for the Tropical Forest Margins, Nairobi).

Greenomics Indonesia (2011) *Norway needs to walk the walk, divest holdings in giant palm oil groups operating illegally in Borneo*, March 2011.

Harja, D., Dewi, S., Heryawan, F.X., van Noordwijk, M. (2010) *Forest carbon-stock estimates based on National Forest Inventory data*. ALLREDDI Brief 2 (ICRAF World Agroforestry Centre South-East Asia Regional Programme, Bogor).

HuMa et al. (2010) *Proposal of Civil Society Networking for the First Draft of National REDD+ Strategy*, by Perkumpulan HuMa (Jakarta), Lembaga Bela Banua Talino (Pontianak), Community Alliance for Pulp and Paper Advocacy (Jambi), Down To Earth (Bogor), Bank Information Center (Jakarta), Kon-



sorsium pendukung Sistem Hutan Kerakyatan (Bogor), Yayasan Merah Putih (Palu), Aliansi Masyarakat Adat Nusantara (AMAN), October 2010.

IAFCP (2010) *Australian and Indonesian Collaboration for LANDSAT Data Procurement and Delivery* (briefing note). Australia-Indonesia Forest Carbon Partnership, Jakarta.

IAFCP (2011) *Forest Cover Change Monitoring for Indonesia* (briefing note). Australia-Indonesia Forest Carbon Partnership, Jakarta.

Indonesia-Norway REDD+ Partnership (2010) *Indonesia-Norway Partnership Joint Concept Note*, 12 March 2010.

Indonesia-Norway REDD+ Partnership (2010) *Technical meeting, Discussion document*. February 2010.

Indonesia-Norway REDD+ Partnership (2011) *Frequently asked questions* (http://www.norway.or.id/Norway_in_Indonesia/Environment/-FAQ-Norway-Indonesia-REDD-Partnership-/).

Ministry of Forestry (undated) *Indonesia's National Carbon Accounting System* (briefing note).

Ministry of Forestry (2010) *National Strategy REDD - Indonesia, Readiness Phase 2009-2012 and progress in implementation*, February 2010.

Norwegian Embassy and UNDP (2010) *Third-party Cost-sharing Agreement between the Norwegian Ministry of Foreign Affairs and the United Nations Development Programme*.

Norwegian Embassy and UNDP (2011) *Progress update on REDD+, Minutes*, 3 March 2011).

President of Indonesia (2010) *Keputusan Presiden Republik Indonesia Nomor 19 Tahun 2010 Tentang Satuan Tugas Persiapan Pembentukan Kelembagaan REDD+*. Presidential Decree establishing a Task Force to Prepare for the Establishment of a REDD+ Agency.

Parker, C. et al. (2009) *The Little REDD+ Book*, by Charlie Parker, Andrew Mitchell, Mandar Trivedi and Niki Mardas (Global Canopy Programme).

Rae, J. (2011) *The Implications of Using a Village Forest to Manage REDD+ in KFCP and Beyond*.

Steni, B. (editor, 2010) *Beyond Carbon: Rights-based Safeguard Principles in Law*. HuMa, Jakarta.

Stolle, F. (2011) *The Indonesian-Norway cooperation on REDD+ (Slow, Halt & Reverse deforestation)*, presentation by Fred Stolle (People and Ecosystem Program, World Resources Institute), World Bank, Washington DC, January 2011.

Sulaiman, R. (2010) *Profile of Central Kalimantan (Kalimantan Tengah/Kalteng), the pilot province for the Norway-Indonesia REDD+ Partnership*, by Rini Sulaiman (Royal Norwegian Embassy, Jakarta), with appendices: (1) List of logging companies and the locations holding the license to cut in natural forest in Central Kalimantan (2007); (2) List of donors and the projects related to forest and climate change issues in Central Kalimantan and at the National level (2011); (3) List of Central Kalimantan REDD+ Pilot Project (2011); and (4) List of mining companies licensed to explore and operate in Central Kalimantan.



UKP4 (2010) *Indonesia-Norway Climate Change Partnership: Discussion on Latest Developments of Letter of Intent Implementation*, presentation, 18-19 August 2010. President's Delivery Unit on Development Monitoring and Oversight, Jakarta.

UNDP (2010) *Project Document: Support to the Indonesia REDD+ Task Force*, September 2010.

UNDP (2011) *Terms of Reference, Facilitation Support to the Indonesia REDD+ Task Force*, RFP/UNDP REDD+/004/2011.

UNDP and Indonesia REDD+ Task Force (2011) *Support to the Establishment of Indonesia REDD+ Infrastructure and Capacity, 1st Quarterly Report (Oct-Dec 2010)*, January 2011.

Unilever (2009) *How to establish a moratorium on deforestation for palm oil in Indonesia?* Recommendations developed by Unilever.

van Noordwijk, M. et al. (2010) *Opportunities for Reducing Emissions from All Land Uses (REALU) in Indonesia Policy Analysis and Case Studies*, by Meine van Noordwijk, Fahmuddin Agus, Sonya Dewi, Andree Ekadinata, Hesti L. Tata, Suyanto, Gamma Galudra, Ujjwal P. Pradhan. Partnership for the Tropical Forest Margins (Nairobi, Kenya).

Verchot, L.V. et al. (2010) *Reducing Forestry Emissions in Indonesia*, by Louis V. Verchot, Elena Petkova, Krystof Obidzinski, Stibniati Atmadja, Elizabeth L. Yuliani, Ahmad Dermawan, Daniel Murdiyarso, Salwa Amira. Centre for International Forestry Research.

WALHI et al. (2010) *Indonesia Civil Society Organisations' Common Platform on Saving Indonesia's Forests to Protect the Global Climate*, by WALHI, HuMa, Bank Information Center, Sawit Watch, KpSHK, FWI, Civil Society Forum Indonesia, ICEL, Indonesian Community Mapping Network, Solidaritas Perempuan, Greenpeace, October 2010.

World Bank (2010) *Climate Change Financing Opportunities: Focus on Indonesia*.

WWF Indonesia and PricewaterhouseCoopers LLP (2011) *Towards a Green Economy in the Heart of Borneo*.



gaia

*Innovative Solutions
for Sustainability*

GAIA GROUP OY

Bulevardi 6 A
FI-00120 HELSINKI, Finland
Tel +358 9 686 6620
Fax +358 9 686 66210

Chemin des Couleuvres 8B
CH-1295 TANNAY, Switzerland
Tel +41 22 960 80 60
Fax +41 22 960 80 69

CHENGDU, China

*www.gaia.fi
firstname.surname@gaia.fi
info@gaia.fi*
