

February 12, 2013

Response of the Government of Indonesia on the Investment Plan of Indonesia

Dear Andrea,

On behalf of Dr. Hadi Pasaribu, I am sending you herewith Indonesia FIP Final Comments Matrices in English and Indonesian. We would appreciate your help with posting these documents on the CIF website, while we have done so on our ministry's website.

Thank you and best regards,

Teguh Rahardja
Centre for International Cooperation
Ministry of Forestry, Indonesia

REPUBLIC OF INDONESIA

FOREST INVESTMENT PROGRAM
UPDATED MATRIX OF COMMENTS AND RESPONSES ON THE
INDONESIA FOREST INVESTMENT PLAN

11 February 2013

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I. INTRODUCTION

Stakeholders provided many useful comments on the earlier drafts of the FIP Investment Plan document. These comments were helpful to improve the final draft of the Investment Plan, which was posted in both Bahasa Indonesia and English on Indonesia and CIF websites on 10 October 2012.

The following matrix provides a list of the main comments received after 26 September 2012, including written comments received a member of the FIP Sub-Committee on 20 November 2012. The matrix also includes corresponding responses from the FIP Team. Comments were grouped under various themes.

II. COMMENTS RECEIVED UP TO 5 NOVEMBER 2012

A. Comments from Solidaritas Perempuan-AKSI-Ulu Foundation, submitted on 10 October 2012 (26 September 2012 version)

Comments	FIP Team Response
Tenure and Gender injustice	
The FIP Document dated September 26, 2012 does not provide an overview of the direction and form of resolutions to tenurial conflicts and gender injustices that have happened in many forest areas. The handling of such conflicts is more directed on the economic aspects of forest utilization.	<p>The objective of the Investment Plan is to reduce barriers to sub-national REDD+ implementation and to increase provincial and local capacity for REDD+ and sustainable forest management (SFM).</p> <p>Key entry points for the Investment Plan to address sub-national barriers will be the national KPH system and ongoing tenure reform processes. (para 103).</p> <p>Considering the limited resources available under FIP, activities will focus on the following three interrelated themes:</p> <ol style="list-style-type: none"> 1. Institutional development for sustainable forest and natural resource management (KPH) 2. Investments in forest enterprises and community based forest management 3. Community capacity building and livelihoods development in and around KPHs. (para 104). <p>As noted in the Investment Plan, FIP team fully recognizes the importance of addressing tenure clarification, hence the Investment Plan is specifically directed to support sub-national tenure clarification and will contribute to conflict resolution, capacity building of local communities to engage in participatory mapping, and technical support to local institutions involved in spatial planning</p>

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	and gazettal.(para 123 and 127).
The aspects of gender equality are only considered as the participation of the women; and, over the years, there has never been any thought about various forms of gender injustice in forest management.	<p>As noted in the comments matrix included as Annex 6 of the Investment Plan (10 October 2012 version), specific opportunities for targeting women and ensuring gender equity will be identified during the project design and implementation phases. All activities funded through the FIP will include support for consultative process that provides space for the participation of local communities, IPs, poor people, and women and other marginalized groups.</p> <p>All MDBs will continue following their respective safeguards policies (including gender considerations) during the design, preparation and implementation of individual projects.</p> <p>Finally, environmental and social impact assessments that are part of project preparation will identify gender-specific impacts and countermeasures. Women in project sites will be actively and meaningfully involved during project preparation and implementation.</p>
The design process of the FIP document did not apply the principles meaningful consultation meaningful and was not inclusive. The process was funded by ADB. Therefore, there's rule that the ADB Safeguards should be complied, including the condition that all activities performed by ADB must adhere to the ADB Safeguards, including the requirements for "meaningful consultation" » ADB Safeguard Policy Statement, 2009. P. 15, Para. 48	<p>The design process of FIP since 2010 has involved various key stakeholders and to ensure effective involvement of diverse groups of stakeholders, the FIP team requested the National Forestry Council (DKN) to facilitate stakeholder meetings and dialogues. Annex 2 (page 84 – 92) provides a more comprehensive report on the stakeholder involvement process thus far.</p> <p>The consultation process for FIP was funded by the Climate Investment Funds (CIF). ADB administered the funds on behalf of the Government and other participating MDBs. All CIF guidelines were duly followed with regard to preparation of the investment plan. The FIP team will continue to follow such guidelines during preparation and implementation of respective MDB projects as well.</p>
Online public consultation process conducted by the FIP team, has obviously marginalized Indonesian people who do not have, or have limited, access to the Internet, particularly the affected group (local community; indigenous people, especially the affected women). This asserts that the FIP simply does not see the affected community, male and female, or the potentially-affected people as the key stakeholders.	<p>The consultation process for preparing the investment plan (IP) followed CIF guidelines, which indicate that the drafts of IP are posted online for at least 2 weeks to receive public feedback. In fact, the time available for public feedback was more than 6 months if the posting of earlier draft on 10 March is taken into consideration.</p> <p>It also should be noted that the endorsement of the Investment Plan does not trigger the immediate disbursement of funds. The Investment Plan represents an upstream strategic Plan. The endorsement of the Investment Plan allows the Gol and the MDBs to further detail the project concepts and engage with local</p>

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	<p>stakeholders in the preparation of individual projects.</p> <p>It must be noted that the consultation with various stakeholders for the upstream Investment Plan was conducted in various forms: meetings, discussions, field visits and posting documents on the website as well as a dedicated FIP email address for public to send their comments. Therefore, the online communication is only one of various channels used by the team. Annex 2 (page 84 – 92) provides a more comprehensive report on the stakeholder involvement process.</p> <p>FIP team duly recognizes all affected people as key stakeholders, and will continue to consult with them during preparation and implementation of respective MDB projects.</p>
<p>Meetings conducted to discuss the FIP document, cannot be categorized as a consultation process, as it was not in line with the principles of meaningful consultation, both in the stakeholder representation aspect and process (P. 112-115)</p>	<p>Since Indonesia was chosen as one of the eight pilot countries to implement FIP in 2010, the GOI, assisted by MDBs has conducted several informal and formal dialogues and consultations with various stakeholders to formulate the Investment Plan. Annex 2 (page 84 – 92) demonstrates the effort undertaken by the Government and MDBs to reach out to stakeholders. Considering that the investment Plan is a strategic policy document, local consultations will be done during the upcoming project preparation phase.</p> <p>The National Forestry Council (<i>Dewan Kehutanan Nasional</i> - DKN) was chosen as the main platform for engaging stakeholders in the design of the Investment Plan. DKN organized several meetings for FIP on behalf of GOI and MDBs. Representatives of DKN from five chambers: local communities, including indigenous peoples; private sector; government; non governmental Organizations; and academe provided inputs, and feedback on the design of FIP Indonesia.</p> <p>It should be noted that DKN only recently agreed to a definition of ‘meaningful consultation’ in September 2012.</p>

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<p>The September 26 document is difficult to comment in a "meaningful" way in this short span of time (from September 26 to October 10).</p> <p>The FIP team has failed to provide the "Track Changes" version to the public as in an effort to facilitate them to see quickly and accurately the changes of FIP version March 2 and October 10 documents.</p> <p>We think, if this was not done, the "meaningful consultation" would be difficult to happen.</p>	<p>As noted earlier, CIF guidelines were duly followed for preparing the investment plan and for receiving the public feedback. The team recognizes that the period may not be adequate to reach out to all communities spread across a large and diverse country such as Indonesia but the team made several efforts to get feedback. Since March 2012, a dedicated e-mail was open to receive feedback on FIP. In addition, the draft documents were made available for nearly 8 months, which is perhaps the longest period for feedback by all FIP pilot countries.</p> <p>Even for the version of 26 September, the total period available for feedback was nearly 6 weeks until the date the Investment Plan was submitted to the FIP subcommittee: two weeks through MOFOR website dephut.go.id from 26th of September to 10th of October to get feedback within Indonesia and then four weeks for review by the global public through CIF website from the 10th of October to 5th of November. However, even after the submission of the Investment Plan, the GoI was open for receiving further comments and inputs. In fact, additional comments were received after the October 5 deadline which are included in this matrix.</p> <p>Following CIF guidelines and good practice, changes were made to the Investment Plan in response to comments received at various times. The public can scrutinize changes by comparing the substance of the Investment Plan document dated March 2012 and September 2012. However, the changes were not done word by word since all comments have been categorized into few themes by the FIP team. Therefore providing track changes in the document would not be useful.</p>
<p>Role of Women: Women are not seen as key stakeholders, because are not placed in any position of stakeholders in the FIP preparation (P. 114, 20)</p>	<p>FIP team is fully aware of gender differences in climate change impacts and opportunities and recognizes women as key stakeholders and fully support that objective to engage with women during the entire project cycle. As noted earlier, further discussions with women will continue during project preparation and implementation.</p> <p>The FIP preparation team remains committed to ensuring that all activities funded through the FIP will include support for consultative process that provide space for the participation of local communities, IPs, poor people, and women and other marginalized groups. All MDBs will continue following respective their safeguards policies (including meaningful consultation) during the design, preparation and implementation of individual projects upon endorsement of the investment plan.</p>

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	<p>The thematic areas outlined in the draft FIP investment plan will be distilled into more specific projects at a later project development phase. Gender considerations will be incorporated during this project development phase and will be an important element of social impact assessments. Specific opportunities for targeting women may be identified during project design. Finally, environmental and social impact assessments that are part of project preparation will identify gender-specific impacts and mitigation measures and women will be specifically consulted. The preparation of these measures at the project-level will ensure that they are more meaningful and effective, particularly as they relate to the intended beneficiaries of FIP-supported activities.</p>
<p>Though the FIP has said many times that the community is potentially affected, but in the discussion process, there's no clear and planned approach applied, ensuring that the project-affected group in the forest sector can easily provide inputs.</p> <p>The discussion process, for instance, (p. 112-115), only covered the territories which do not represent the communities potentially affected by project, namely Semarang and Jakarta, except Jambi and Pontianak.</p> <p>The participants are even more from civil society, scholars, government officials, and private sector. This of course contradicts to the ADB Safeguard as the donor of the as Technical Assistance for the implementation of the public consultation which is "meaningful" (meaningful consultation).</p>	<p>It should be again noted that the Investment Plan represents an upstream strategic plan. Consultations and outreach to stakeholders were adequate for the purpose to prepare a strategic plan. For the preparation of individual projects, more consultations, nationally and subnationally, will take place.</p> <p>In this sense, some of the provinces visited during the preparation of the investment plan were randomly selected. The visits were helpful to better understand the drivers of deforestation and other concerns and opportunities relevant to REDD+ and FIP design. At the time of the visits took place, Gol did not yet decide the locations of the FIP investments.</p> <p>We need to keep in mind that FIP resources are limited and investments will be directed to only a few provinces. During the upcoming project preparation phase, the potentially affected people in the defined project sites will be consulted. As noted earlier, CIF guidelines for preparation of investment plan were duly followed and will continue to be followed. It must be noted that preparation of investment plan is different from preparation of individual projects. Further consultations, which are meaningful, will be conducted during project preparation and implementation.</p>

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<p>The substance and the process of the discussion of FIP document tends to show that FIP is an effort which put the local/traditional or indigenous people in forest areas, including women, are only as objects.</p> <p>The community is just a party whose capacity can be improved for the interest of increasing carbon absorption capability as well as given the burdened party to rehabilitate the forest areas badly damaged by the incorrect forest policy or forest destruction conducted by the business sector.</p>	<p>The Investment Plan clearly identifies that community capacity building and livelihoods development are critical for the success of REDD+ and SFM. FIP team recognizes that proactive involvement and participation of local communities and indigenous peoples is critical to design effective benefit sharing arrangements. With this objective in mind, local communities and indigenous peoples in project areas will be effectively consulted during project preparation and implementation which will take place from 2013. For example, local communities and or indigenous people including women in project areas will be encouraged to participate in forest mapping, to manage forest sustainably and to increase their incomes from sustainable forest management.</p>
<p>In the investment plan description (<i>Deskripsi Rencana Investasi</i>) (item 7), the item of "Support for the development of the national security policy (Safeguards)" (<i>Dukungan untuk pengembangan kebijakan pengamanan <safeguards> nasional</i>) »in a meeting with the DKN, such conclusions should be strengthened with a formulation that includes the sentence that states will use the highest standard of safeguards that have been determined in binding human rights provisions in international and national levels, including WB and ADB standards. It's important to imply that to keep the National Safeguard which is under development not to turn into safeguard of lower standards » the FIP implementation can lead to the weakening of social protection standards, the environment and women.</p>	<p>The Investment Plan does not include the proposed phrase "highest standard of safeguards" because the legal status of national safeguards for REDD+ has yet to be made operational and endorsed. . As assured in the Investment Plan, FIP will work closely with the relevant Government agencies, CSOs, FCPF program (Strategic Environmental and Social Assessment) and other international cooperation initiatives, to support any efforts that would strengthen national safeguards and practical guidelines and policies for project implementation, e.g. FPIC and DKN consultation protocols. This may include testing of safeguards approaches and instruments at the project level, as well as documenting and disseminating lessons from project implementation.</p>

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<p><i>In term of the formulation of "Expected Key Results from the Implementation of the Investment Plan" (item 8):</i></p> <p>a) Activities outlined in the FIP which are focused on the theme of institutional development for the management of forest and natural resources in a sustainable, and themes of investment in forestry and community-based forest management, are not based on gender analysis, and have not even considered the public interest through the process of "meaningful Consultation".</p> <p>b) Programs involving women only targets capacity building and livelihood improvement. It's not associated with anything hoped by the women in facing poverty and injustice.</p> <p>Participation from the women has not even occurred in all stages of the process, starting from planning, establishment, project enactment, and other decision-making stages. This includes participation in determining the FIP in the future.</p>	<p>Gender analysis will be conducted for each project and substantial resources will be allocated during project preparation for this purpose. Likewise, further effective and meaningful consultations with affected communities will be conducted during project preparation and implementation.</p> <p>The thematic areas outlined in the draft FIP investment plan will be distilled into more specific projects at a later project development phase in 2013.</p> <p>Gender considerations will be incorporated during this project development phase and will be an important element of social impact assessments. Specific opportunities for targeting women may be identified during project design.</p> <p>Finally, environmental and social impact assessments that are part of project preparation will identify gender-specific impacts and mitigation measures and women will be specifically consulted.</p> <p>The preparation of these measures at the project-level will ensure that they are more meaningful and effective, particularly as they relate to the intended beneficiaries of FIP-supported activities.</p>
<p>The FIP document does not provide analyzes with gender approach, as already presented in meetings and written input. Gender identification and analysis processes are still only at the stage of development/implementation for each project without any consideration of the gender inequality.</p>	<p>The investment plan only provides general picture of the existing problem in forest management in Indonesia. The objective of the Investment Plan is to identify barriers to subnational REDD+ implementation and propose project to address those challenges, by increasing provincial and local capacity for REDD+ and sustainable forest management (SFM).</p> <p>Gender analysis including gender inequity will be conducted during preparation of each FIP project.</p>
<p><i>Comments and Responses from Stakeholders in Appendix 6</i></p> <p>a) Attachment like this is so confusing and misleading. Comments from the stakeholders seem to have been accommodated in the document, but the appendix actually contains only the efforts of FIP team to avoid a need to accommodate inputs from the stakeholders and to delay the answer to the project implementation step. Our comments are for the planning phase. The FIP responses do not show earnest effort to accommodate input from the real issues on the ground.</p>	<p>As noted earlier, documentation for the investment plan followed CIF guidelines, which state that comments and responses from various stakeholders during preparation of the investment plan must be included as Appendix 6. The comments matrix has been prepared based on the feedback received from DKN panel in Hotel Kaesar, September 2012.</p> <p>However, the matrix also contains comments that have been received over the course of previous consultations (see annex 2) and have already been accommodated in the Investment Plan document. The matrix is very useful to understand why the FIP team could or could not accommodate some comments</p>

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	<p>in the document. The FIP team made an earnest effort to examine all comments objectively. It must also be noted that comments given by some stakeholders were sometimes contradictory which made it difficult to include both types of comments in the main document.</p> <p>The FIP team wants to stress that almost all of the comments are very helpful and constructive and have been accommodated in the Investment Plan document. These include real issues on the ground, such as land tenure clarification and reform, gender issues and support to marginalized communities.</p> <p>However, many comments and inputs received are focusing on the upcoming project preparation phase. These comments are duly recognized in the matrix and will be taken up during the project design and preparation phase in 2013.</p>
Preparing gender analysis in the FIP document, and meeting the requirements in gender preamble in line with MDB's safeguard.	As stated earlier, detailed gender analysis will be conducted during preparation of each FIP project. The respective MDB safeguards including gender safeguards will be followed during project implementation.
FIP team ensures that comment from the public are published on the Internet, before a decision is taken, the full version by putting "track changes", so changes in any sentence from early documents and recent documents can be seen.	The FIP team appreciates comments received from the public and have made appropriate changes to the document to accommodate those comments. The public can scrutinize changes by comparing the substance of the Investment Plan document dated March 2012 and September 2012. However, the changes were not done word by word since all comments have been categorized into few themes by the FIP team. Therefore providing track changes in the document is not considered useful. It must be stressed that preparation of documents followed CIF guidelines which are common to all FIP pilot countries.

B. Comments from Solidaritas Perempuan-AKSI-Ulu Foundation et al on 4 November 2012

Comments	FIP Team Response
PREPARATION PROCESS	
1. Meetings that were conducted to discuss the draft FIP document cannot be considered consultations, as they were not based on the principle of meaningful consultation, whether in the aspects of stakeholder representations or the process. FIP Discussion processes were conducted in the areas that, for the most part do not represent potentially affected communities in the forestry sector, such as Semarang and Jakarta (pg. 112-115 FIP Document Draft Bahasa Version). The participants have represented	<p>1. Please, see response on previous pages of the matrix: The Investment Plan represents an upstream strategic Plan. The endorsement of the Investment Plan allows the GoI and the MDBs to further detail the project concepts and engage with local stakeholders in the preparation of individual projects.</p> <p>In this sense, some of the provinces visited during the preparation of the</p>

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<p>primarily civil society, academia, government and the private sector more than potentially affected communities.</p> <p>2. The “public input” processes carried out by the FIP team, have further marginalized the people of Indonesia who have no access or limited access to the internet, especially potentially affected communities (indigenous and local communities, and especially, women). This has confirmed that FIP Team has not viewed the potentially affected communities, men and women, as the main stakeholders in the process of designing FIP. The Draft Investment Plan mentions the potentially affected communities during the implementation stage, but during the planning design stage, the FIP Team failed to use a clear and well planned approach to ensure that the potentially affected communities, in particular women, could easily be involved or provide input.</p> <p>3. The preparatory process for FIP document has not applied the ADB’s own safeguard principle of meaningful consultation and is not inclusive. This preparatory process is funded by the ADB through the technical assistance fund. Hence, there are obligations to follow the ADB’s Policy, including the requirement that all activities must abide by ADB’s Safeguards and other ADB Policies, including the ADB Public Communication Policy¹, which includes requirements for "meaningful consultation 1 ADB Safeguard Policy Statement, 2009. Pg 15, para 48. “This safeguard policy statement applies to all ADB-financed and/or ADB-administered sovereign and non-sovereign projects and their components regardless of the source of financing including consultation”, and the Gender and Development Policy, which states that gender considerations must apply to all ADB activities, including technical assistance operations</p>	<p>investment plan were randomly selected. The visits were helpful to better understand the drivers of deforestation and other concerns and opportunities relevant to REDD+ and FIP design. At the time of the visits took place, Gol did not yet decide the locations of the FIP investments.</p> <p>We need to keep in mind that FIP resources are limited and investments will be directed to only a few provinces. During the upcoming project preparation phase, the potentially affected people in the defined project sites will be consulted. As noted earlier, CIF guidelines for preparation of investment plan were duly followed and will continue to be followed. It must be noted that preparation of investment plan is different from preparation of individual projects. Further consultations, which are meaningful, will be conducted during project preparation and implementation.</p> <p>2. The consultation process for preparing the investment plan (IP) followed CIF guidelines, which indicate that the drafts of IP are posted online for at least 2 weeks to receive public feedback. In fact, the time available for public feedback was more than 6 months if the posting of earlier draft on 10 March is taken into consideration.</p> <p>It also should be noted that the endorsement of the Investment Plan does only include rough concepts for future investments, and does not trigger immediate disbursement. The Investment Plan represents an upstream strategic Plan that will now further consulted, nationally and locally, over the coming year 2013. The endorsement of the Investment Plan allows the Gol and the MDBs to further detail the concepts and engage with local stakeholders in the preparation of individual projects.</p> <p>It must be noted that the consultation with various stakeholders for the upstream Investment Plan was conducted in various forms: meetings, discussions, field visits and posting documents on the website as well as a dedicated FIP email address for public to send their comments. Therefore, the online communication is only one of various channels used by the team. Annex 2 (page 84 – 92) provides a more comprehensive report on the stakeholder involvement process.</p> <p>FIP team duly recognizes all affected people as key stakeholders, and will continue to consult with them during preparation and implementation of</p>
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	<p>respective MDB projects</p> <p>3. As noted earlier, ADB, on behalf of the Government of Indonesia and other participating MDBs, administered the preparation grant of the investment plan. The preparation grant was provided by CIF resources. It must be noted that preparation of an investment plan is different from preparation of individual projects envisioned in an investment plan. ADB safeguards policy will be duly followed during preparation of the ADB project and the respective MDB safeguards will apply to the other MDB projects. The FIP team for Indonesia followed all CIF procedures for preparing the investment plan.</p>
DRIVERS OF DEFORESTATION	

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<p>The Draft FIP refers to the drivers of the deforestation and forest degradation, but does not thoroughly analyze potential risks, impacts and mitigation efforts. The Draft FIP does not apply the ‘do no harm’ principle. There is no comprehensive description of the type and form of tenurial conflicts and gender injustices (and their resolution), which have occurred in the various forest areas. Conflict resolution has been directed towards economic resolution focusing on forest benefits.</p> <p>The Draft FIP fails to be strategic in its approach to the issue of deforestation and forest degradation, including failing to “follow the money” in terms of deforestation and forest degradation. The proposed FIP ignores or mis-maps the primary drivers of deforestation and forest degradation in Indonesia, namely the palm oil sector and pulp/paper industry. The problem of illegal logging and the mismanagement of production forest as well as the natural forests also contribute to the blooming of tax avoidance or fraud and money laundering in the forest products market. According to the INTERPOL3, it is likely that the Indonesian government loses potential tax revenue of between one to two billion USD per year, in the form of unpaid taxes or fees by forest sector conglomerates. Illegal logging not only destroys the forest but is also a global profit motivated businesses involving tax manipulation and money laundering. Therefore, the FIP should examine the link between poor systems and policies in the forest sector with illegal logging, and support efforts to suppress money laundering and tax manipulation through Indonesia’s Money Laundering Act No. 8 Year 2010 and Tax Law and policies.</p>	<p>As noted earlier, preparation of FIP investment plan followed CIF guidelines with respect to various headings, length of description under each heading, etc. The FIP team prepared several other documents which are not part of the investment plan and these have been used as an input to discuss various issues under investment plan. For example, a 20-page document on drivers of deforestation and forest degradation has been prepared as an output of the first Joint Mission. Such documents were not fully presented as part of the investment plan.</p> <p>FIP team thanks valuable comments of all stakeholders with regard to illegal logging, palm oil and paper industry, money laundering, and tax avoidance, etc. FIP team recognizes the importance of each of these as a driver of deforestation and forest degradation. Especially, the issue of issue of quantifying and tracking lost tax and non-tax revenues deserve much more research and more efforts in finding solutions. Some activities are already ongoing with MoF and other governmental partners specifically on non-tax revenues.</p> <p>FIP resources are limited and cannot address all key drivers of deforestation. Stakeholders have decided to focus mainly on a few specific issues . In specific project areas and/or sectorial areas however, attempts will be made to cover all relevant drivers of deforestation including illegal logging, palm oil and mining.</p>
COMMUNITY BASED RIGHTS	
<p>The Draft FIP is not community rights-based. Communities in and around the forest are directed to economic based mechanisms. There is no consideration that the forest has not only an economic function but also social, cultural, even spiritual and ecological functions for the indigenous and local communities. The goals of enhancing capacity for communities appear primarily focused on increasing the carbon stocks, as well as the burden of rehabilitating the forest areas that were severely damaged due to private sector activities and poor policies.</p>	<p>The FIP investment plan for Indonesia focuses on communities and all three proposed projects under the plan aim to strengthen capacities of communities in sustainable forest management. The FIP team fully recognizes the multi-functional character of forest ecosystems including cultural and social values. The focus of the investment plan is on “transformation’ with respect to policies, institutions, technologies and behavior of stakeholders including the private sector and local communities.</p>

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GENDER	
<p>The Draft FIP does not meet gender justice standards. Women are not seen as primary stakeholders in the designing of FIP. There is no gender-disaggregated information and data baseline. There are no assessments of the drivers of deforestation and forest degradation in a gender perspective. There are no gender impact and risk assessments in and no development of efforts to mitigate and protect women from the impacts and risks of the FIP. There is no affirmative action to involve women in all processes of consultation and decision making. There is no gender action plan.</p>	<p>As noted earlier, detailed gender analysis will be conducted during the development of each FIP project and gender-specific interventions will be implemented. All issues raised, including gender-disaggregated information, gender-conscious analysis of drivers of deforestation, gender equity, etc. will be addressed during project development and implementation. Gender Action Plans, impact and risk assessments make most sense in the specific project context. Specific opportunities for targeting women may be identified during the project design phase. Finally, environmental and social impact assessments that are part of project preparation will identify gender-specific impacts and mitigation measures and women will be specifically consulted. The preparation of these measures at the project-level will ensure that they are more meaningful and effective, particularly as they relate to the intended beneficiaries of FIP-supported activities. The development and implementation of each project will follow respective MDB safeguards policies and include specific gender considerations.</p>
ANY FOREST INVESTMENT PLAN MUST FIRST ENSURE:	
<ol style="list-style-type: none"> 1. A public Consultation Process in accordance with the principle of meaningful consultation, involving all stakeholders, in particular, potentially affected communities, especially women, by emphasizing and based on the interest of the people of Indonesia, notably communities living in and around the forest area, with assessment of and consideration of forests not only from an economic aspect. 2. 	<p>The development of individual projects by the three MDBs will follow those MDBs' respective safeguards and consultations policies and practices. Considerations will be made to ensure that highly vulnerable groups, such as women, forest communities, indigenous peoples and other marginalized communities, are included in those consultation events.</p>

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- C. **Comments from HuMa, debtWATCH Indonesia, Bank Information Center, WALHI, Forest Watch Indonesia, ELAW Indonesia, Greenpeace, AMAN, KOAGE, Koalisi Rakyat untuk Hak Atas Air (KRuHA), Institute for Essential Services Reform (IESR) on 5 November 2012**

Comments	FIP Team Response
PARTICIPATION PROCESS	

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<p>a. Public comments should be taken into account seriously, being integrated in the document body, instead of just put into the appendix. The result of the integrated document should have been open for public before being submitted to the FIP sub-committee.</p> <p>b. FIP should not merely use DKN to conduct socialization and consultation process, because FIP has the obligation to have a consultation process right down to the grassroot level, particularly in the areas where FIP potentially will be implemented. This should be made accessible and in the simplest form that can be understood by the people affected without diluting the meaning.</p> <p>c. FIP has the obligation to conduct a consultation process that substantively should refer to the REDD+ National Strategy. However, the process should comply with the policies of the MDBs themselves. Yet, this process should not substitute the obligation to undertake a genuine and inclusive participation process (including consultation) as defined by the FIP Guidelines for Consultations according to subparagraph 16(d) of the FIP Design Document.</p>	<p>a. The consultation process for preparing the investment plan (IP) followed CIF guidelines, which indicate that the drafts of IP are posted online for at least 2 weeks to receive public feedback. The time available for public feedback was more than 6 months if the posting of earlier draft on 10 March is taken into consideration.</p> <p>b. It must be noted that the consultation with various stakeholders for the upstream Investment Plan was conducted in various forms: meetings, discussions, field visits and posting documents on the website as well as a dedicated FIP email address for public to send their comments. Therefore, the DKN is only one of various channels used by the team. Annex 2 (page 84 – 92) provides a more comprehensive report on the stakeholder involvement process. For the next upcoming phase of project preparation, consultations will be going to the grass root level.</p> <p>The Government of Indonesia, through the Ministry of Forestry, decided that the FIP team should utilize the services of the DKN for facilitating the consultations as the DKN has representation of all key stakeholders with 5 dedicated chambers: Government, NGOs and civil society, Academia, Private sector and local communities and indigenous people. Consultations took place with selected communities (e.g. West Kalimantan) but further consultations with local communities will take place during project development and implementation. FIP projects will aim at effective involvement and meaningful participation of local communities in project sites.</p> <p>The FIP investment plan for Indonesia was substantially revised to more clearly align it with the National REDD+ strategy, and also refers to its consultation process. Further efforts to undertake a genuine and inclusive participation will be undertaken during project development and implementation. Guidelines stipulated in MDB policies as well as Indonesia’s National REDD+ strategy will be followed in such efforts.</p>
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<p>LEGAL FOUNDATION</p>	
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<p>Most of the legal references in the FIP document are to The Forestry Law. The characteristic of this law has made it one of the most problematic policies in Indonesia, especially for communities living in and around the forest areas. One of the most serious problems is that there is no recognition of the rights of indigenous people over the forests as a part of forest under rights; as their communal rights to the land are not fully acknowledged (Article 1 point 4). This article is further supported by the language criminalizing people who live in the forest areas. Therefore FIP will have to support forestry policy changes, including by openly urging for changes in The Forestry Law that fully acknowledge the rights of indigenous people and local communities and to revise elements of the law that criminalize forest-dependent communities. This document should refer substantially to TAP IX/MPR/2001, as a basis for encouraging the review of all natural resources policies, including The Forestry Law.</p>	<p>As noted earlier, the FIP investment plan is aimed at bring transformations in policies, institutions, technologies and behavior of stakeholders with regard to REDD+ and SFM. Wherever possible, FIP will support the reform of national and sub-national policies governing forest management. To what extent each regulation or law can be change cannot be determined during preparation of an investment plan. Current concepts in the Investment Plan foresee the support to policy dialogue with stakeholders on the issues related to forest management and the KPHs.</p>
<p>STANDARD DEFINITIONS</p>	
<p>FIP should use a set of standards and definitions to avoid misinterpretation, among others:</p> <p>a. The terms and criteria for “forestry enterprises” or forestry businesses, as mentioned in paragraph 146 and chapter 6.2.3, which aims to strengthen particular forestry businesses. Here it is not clear the criteria for or scale of the “forest enterprises” that are being discussed. Although this part of the program falls under the IFC intervention activities, the “enterprise” criteria used must not be the IFC criteria for “micro enterprises, small enterprises, and medium enterprises,” as the IFC criteria are not appropriate considering the business conditions and culture of farmers in the village context. The criteria regarding the number of people, turnover, and asset criteria are not appropriate for small societies.</p> <p>b. The term KPH, which in English terminology is written as “Forest Management Unit.” This has caused confusion, because in Bahasa Indonesia the term “Unit Manajemen Hutan” is an entity which is conceptually is not similar to KPH.</p>	<p>a. We agree with these points. Further FIP documents will be translated very carefully, with strict adherence to pre-approved and widely acknowledged terms and definitions. There is, however, a high likelihood that differences in interpretation will continue.</p> <p>Detailed information on the IFC definition of ‘forestry enterprises’ and the criteria used to judge which qualify as small or medium enterprises (SME) are available in Annex 6 (page 113-114) of the 10 October Investment Plan posted on the Ministry of Forestry and CIF websites.</p> <p>b. We recognize the difference in the translation and suggest that we would use the KPH also in the English version in the coming project documentation to avoid this confusion. We also would include an explanation of the terms used related to KPH and FMU.</p>
<p>LEGAL CERTAINTY OF INVESTMENT</p>	

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<p>As noted in the Bahasa Indonesia version of FIP document paragraph 58 page 17-18 that only 14.24 million hectares gazettement from overall 140 million hectares. That version of the FIP document itself says in page 7 there are uncertainty regarding the legal framework and the conflicting implications of sectoral and spatial regulation. In these circumstances how could FIP investment guarantee legal certainty?</p> <p>Looking at the abundance of basic forestry problems that must still be resolved such as forest tenure, the community’s rights and others as stated in our points of above, we consider that steps to resolve Indonesia’s basic forestry problems must first be implemented before running a new program or project.</p> <p>Thus, the FIP must support the legal reform efforts prior to program implementation. Without a complete commitment to resolve these basic forestry problems, any new program or project will only continue perpetuating existing problems or business as usual.</p>	<p>The FIP team agrees with the comment that issues such as land tenure and community rights over land are important to resolve forest-related problems in Indonesia. As noted earlier, FIP is aimed at supporting various reforms needed to achieve sustainable forest management. It must be noted, however, limited resources available under FIP will not be adequate to resolve all problems pertaining to the forestry sector in a large diverse country such as Indonesia.</p> <p>We also note your legitimate concern that all legal reforms should be concluded prior to the establishment of new programs. We believe however, based on the observation in other countries, policy reforms and governance improvement is an ongoing process that constantly needs improvement and support in an integrative and participatory manner. FIP will try to support the needed dialogue between stakeholders to further improve policies in the forest sector.</p>
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D. Comments from United Kingdom SC member on 20 November 2012

Comments	FIP Team Response
IMPLEMENTATION POTENTIAL AND INSTITUTIONAL SUPPORT	

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<p>We would like to have more detail on the institutional support proposed under projects 1 and 2, “Community-Focused Investments to Address Deforestation and Forest Degradation” and “Promoting Sustainable Community Based Natural Resource Management and Institutional Development”. Institutional support is focused on the development of forest management units (KPHs). As this management system is still in a very early stage of implementation, FIP projects should not be designed such that establishment of effective KPH units is on the critical path to realizing project goals, as this would create a material risk to achieving the project goals.</p> <p>Furthermore, the role of projects 1 and 2, “Community-focused investments to address deforestation and forest degradation” and “Promoting Sustainable Community Based Natural Resource Management and Institutional Development”, in supporting KPHs needs to be justified more strongly.</p> <p>We would also like clarification as to why the cost of establishing effective KPHs is not being met through national (Indonesian) resources as part of core management costs for the forest estate.</p> <p>We would welcome hearing more about the lessons learnt from the piloting of the KPHs, referred to during the question and answer session on the Indonesia Plan. Details of how the pilot has been evaluated and shared with stakeholders would also be helpful.</p>	<p>Noted with thanks. The FIP projects will use KPHs as entry points to implement projects that: improve forest governance and sustainable forest management, reduce barriers to sub-national REDD+ implementation, and increase provincial and local capacity for REDD+. Interventions in individual KPHs will only proceed if those KPHs meet the selection criteria, which are yet to be determined. FIP projects will also work with national Government ministries and agencies, as well as provincial and local governments, to streamline KPHs as a development priority. Through this combined approach – working through KPHs to establish models of cooperation with government institutions, enterprises, communities and civil society organizations for improved forest governance – we believe that the three MDB projects can affect real change in helping the Government to clarify the KPH concept and demonstrate the effectiveness of KPHs. We also agree with your opinion that the FIP support should be strategic and should not be used to replace national budget support to the KPHs. The Indonesian government has been supporting KPH through national budget to some extent but additional resources such as from FIP would be vital to achieve the intended goals. The FIP team also believes that by designing and implementing a successful KPH support project now (prior to the 2014 elections), a future Government may be persuaded to sustain budget support for KPHs via the Ministry of Forestry and other ministries and agencies into the medium- and long-term.</p>
<p>GHG EMISSIONS</p>	
<p>The emissions savings are reasonable in size, but we would like detail on the methodology of calculating these emission savings, BAU and cost per CO2 tonne.</p>	<p>Detailed GHG emissions calculation will be included in the three project proposals to be submitted for approval by the sub-committee.</p>

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ADDITIONALITY	
<p>It would be useful to understand what is expected to be attributable to this project, and what is expected to be attributable to enabling other projects to succeed, as a result of this funding creating the appropriate environment (e.g. funded by REDD finance). In addition, so as to ensure the savings attributed to the project can be counted as additional, it would be useful to explicitly state the carbon savings would not be traded.</p>	<p>Issues of additionalilty in each project area will be further analyzed and addressed in project documents to be submitted for approval by FIP subcommittee.</p>
PROJECT 1, COMMUNITY-FOCUSED INVESTMENTS TO ADDRESS DEFORESTATION AND FOREST DEGRADATION	
<p>The scope of Project 1 looks very ambitious and the design should strongly focus on developing a realistic set of activities that can be achieved with the available budget and time.</p>	<p>Noted with thanks. The current scope reflects a broad range of interests expressed by key groups of stakeholders. A realistic set of activities will be prepared and include in the project document based on further consultations with local stakeholders.</p>
PROJECT 2, PROMOTING SUSTAINABLE COMMUNITY BASED NATURAL RESOURCE MANAGEMENT AND INSTITUTIONAL DEVELOPMENT	
<p>The rationale for the scope of Project 2 needs further justification, particularly the component focused on institutional and technical arrangements for REDD+ in Indonesia. Significant funding is already allocated for this purpose and the added value of FIP support needs to be explained.</p>	<p>Noted with thanks. Rationale for its interventions will be provided based on further consultations with local stakeholders in the project area.</p> <p>KPHs and their role in improved forest governance and management have been identified as a major component in Indonesia’s National REDD+ Strategy. National Government budget support and donor financing for KPH institutional development have been sparse, with Government budget allocations due to expire in 2014. The It is believee that grant financing support to the development of model KPHs – and establishing how they can better work with other government institutions, private enterprises, and local communities to improve site-based forest governance and management – will provide useful added value in the implementation of national programs at the local level, particularly those identified in the National REDD+ Strategy.</p>