



**MDB-Country Collaboration,
Programmatic Approach and
Integration into National REDD+ Agenda:
A Few Insights from Preparing the
Investment Plan for Indonesia**

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Indonesia's Forest Investment Plan

NATIONAL DEVELOPMENT AND GLOBAL OBJECTIVES

RAN-GRK

- Core activities
- Enabling activities (FMU, forest gazetment, fire management, forest protection, R&D)

Nat. REDD+ Strategy: 5 pillars

- Institution and processes
- Legal framework
- Strategic programs
- Paradigm shift
- Stakeholder engagement

FORESTRY REFORM

- Spatial/land use planning,
- FMU capacity
- CBFM

FIP INVESTMENT PLAN

Theme 1 :
Institutional development for SFM and NRM

Theme 2 : Investment in forest enterprises and CBFM

Theme 3 :
Community capacity building and livelihood development

FIP OUTCOMES :

reduced barriers to sub-national REDD+ implementation and increased local capacity for SFM and REDD+

- (1) strengthened capacity of local institutions to work with community and to support equitable REDD+ programme,
- (2) Model FMUs have capacity for SFM and REDD+ activities,
- (3) Improved enabling business environment for SFM, CBFM, and REDD+,
- (4) Improved access for local communities to forests and REDD+ benefits.

Projects: Key Areas & Focus of Activities

PROJECT	MAIN AREAS	FOCUS OF ACTIVITIES
<p>Project 1 (Community-Focused Investments to Address Deforestation & Forest Degradation)</p>	<ul style="list-style-type: none"> • Institutional Development • SFM and CBFM • Community capacity development and livelihood support • Harmonize national and sub-national policies on REDD+ 	<ul style="list-style-type: none"> • Enhance and enforce Provincial REDD+ Strategy • Community-focused REDD+ pilots in at least two districts • Harmonize national and sub-national policies on REDD+
<p>Project 2 (Promoting Sustainable Community Based NRM & Institutional Development)</p>	<p>Community-focused REDD+ investments to enhance the enabling conditions for sustainable land use and REDD+ project implementation.</p>	<ul style="list-style-type: none"> • Support for KPH REDD+ Capacity Building • Support to Communities for REDD+ Readiness and Implementation
<p>Project 3 (Strengthening Forestry Enterprises to Mitigate Carbon Emissions)</p>	<p>Strengthening the productive capacities and business skills of forestry enterprises and firms in other related sectors, by leveraging private sector investments</p>	<ul style="list-style-type: none"> • Develop tailor-made financial instruments and strengthening the capacity of both small and large forestry enterprises • Increase investments in the forestry sector by financial intermediaries.

MDB-Country Collaboration: Strengths - I

- Consistency with MDB-Indonesia country partnership strategies; most government officials felt that the IP reflected national priorities
- MDBs and the government have collaborated effectively to develop IP, and development partners have been engaged in the process.
- Reliance on national collaborative governance structures and mechanisms (e.g., Involvement of the **National Forest Council (DKN)** in consensus-building process for the IP based on government's advice)
- Enabling environment for private sector investments

FIP Contribution to National and Forest Sector Development Objectives

NATIONAL FOREST LONG-TERM PLANNING 2010-2030

- Policy reform,
- Strengthening legal status and optimization of forest area (forest tenure),
- Empowering decentralization (FMU),
- Enhance coordination across sectors,
- Enhancing roles of forestry sector at the regional and global levels

NATIONAL DEVELOPMENT OBJECTIVES

- Social: reduce poverty (16.7% in 2004 to < 10% in 2014) and reduce unemployment (9.9% in 2004 to < 5% in 2014).
- Environment: reduce GHGs emission of 26-41% from BAU by 2020 and significant reduction of biodiversity loss in 2014.
- Economy: 5.5% growth with income per capita of USD 1,186 in 2004 to 7% growth with income per capita of USD 4,000 in 2014.

CONTRIBUTION

GUIDANCE

CONTRIBUTION

FIP

CONTRIBUTION

MDB-Country Collaboration – Strengths - II

- Combination of country ownership and MDB provision of advice and capacity building
- Equal attention to public sector and private sector-led interventions (\$35 M each)
- A strong platform for MDB collaboration that goes beyond CIF (CTF and FIP)
- Indonesia benefitted from the combined technical expertise and experience of the MDBs.

MDB-Country Collaboration – Challenges

- Confusion on financial instruments: loans vs. grants
- **Satisfying a variety of conflicting demands** on FIP, and in agreeing on targets, baselines, and methods, in relation to “one-map policy”
- Concerns about the quality and depth of stakeholder engagement and inclusiveness
- MDB Safeguards vs. country safeguards
- IP preparation was less successful in spurring intra-governmental coordination.
- Transformational aspects of IP vs. routine forest management issues
- Proof of additionality: Which public and private activities are supported through IP that likely would not otherwise have taken place?

Programmatic Approach to Investment Planning – Strengths

- Country ownership and strong links to national planning frameworks (project approach is often donor-driven and not linked to national planning frameworks)
- Combines investment financing with capacity building of key stakeholders and institutions, advisory services, and support for policy changes;
- Consistency with Paris Declaration on Aid Harmonization and Multi-partner investment program with strong national ownership that can lead to transformational changes
- Good collaboration/complementarity among FIP, FCPE, UN-REDD, GEF/SFM programs
 - Readiness vs. investment
- 3 investment projects with clear links and synergies

Programmatic Approach in IP Preparation – Some Challenges

- Resource constraints of IP to achieve programmatic impacts (Delivering at scale?)
- Difficulties in convincing stakeholders regarding value addition of programmatic approach;
- Identification of programmatic interventions with a likelihood of delivering transformational impact is not easy;
- Tradeoffs among multiple objectives – Transformational impact, rapid fund disbursement, measureable emission reduction
- Lack of clarity on depth and quality of consultation procedures for a programmatic approach

Integration into the National REDD+ agenda - Strengths

- **National REDD+ Strategy (SATGAS)** launched at Rio+20 (June 2012); IP alignment confirmed
- Synergies in terms of:
 - Operationalization of FMU
 - Forest fire management
 - Forest restoration
 - Strengthening forest governance
 - Stakeholder communication and engagement
 - Safeguards implementation

Indonesia's REDD+ Strategy

1 Institution and processes :

- National REDD+ agency
- Financial instruments and institution
- MRV System

2

Legal Framework

3

STRATEGIC PROGRAMMES

Sustainable landscape management

1. Landscape/watershed management
2. Enhance employment opportunity
3. Operationalization of FMU
4. Forest fire management

Sustainable use of natural resources in economic system

1. Enhancing SFM practices
2. Increase productivity of agricultural crops
3. Sustainable mining
4. Empower down stream industries

Forest conservation and rehabilitation

1. Peat land restoration
2. Securing protected areas,
3. Controlling peat land conversion

4

Paradigm shift

- **Strengthening forest governance,**
- **Empowering local economy in a sustainable basis**
- **Campaign to save Indonesia's forests**

5

Stakeholder engagement

- Stakeholder communication and engagement
- Safeguards implementation
- Benefit sharing, equity etc

GOALS

- Reduced emission
- Enhanced carbon stocks
- Conserved Biodiversity
- Provision of Environmental services
- Economic growth

Suggestions for New Pilot Countries - I

- **MDB-Country Coordination**
 - Promote broad MDB-country coordination and dialogue to transform **governance** practices
 - Make use of comparative advantages of MDBs working in your country
 - Aim to harmonize safeguards to meet high expectations
 - Emphasize horizontal and vertical linkages among institutions and stakeholders to support REDD+

Suggestions for New Pilot Countries - II

- Programmatic approach
 - Show clearly how individual projects can jointly contribute to sectoral transformation and associated institutional and policy changes;
 - Ensure that your IP articulates a clear theory of change, with focus on drivers of deforestation and degradation
 - Ensure that IP preparation informs the development of a more innovative, coordinated, effective and/or transformational strategy for REDD+ in your country.
 - Wherever possible, promote synergies among competing goals of IP – emission reduction, poverty reduction, SD, gender equality, or transformational impacts.

Suggestions for New Pilot Countries - III

- Integration into National REDD+ agenda
 - Be prepared to manage expectations of stakeholders from the beginning:
 - **IP consultation and dialogue process** can be logistically difficult, expensive and long, especially in large countries with geographically dispersed and culturally diverse stakeholders, like Indonesia.
 - While the FIP may be seen as the link between REDD+ readiness and performance based payments, practical experience shows that providing investments sequentially may not match the reality.

Thank you.