Lessons on jurisdictional REDD+ from Berau District, East Kalimantan

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OVERVIEW OF JURISDICTIONAL REDD+
What is a Jurisdictional REDD+ Program?

- **Jurisdiction-wide performance evaluation and carbon accounting framework** that enhances environmental integrity by ensuring consistent REL, MRV and crediting approaches.

- **A jurisdictional REDD+ strategy with tight integration with the jurisdictional government** development plans, spatial plans, and operations.

- **Coordination of institutions** for governance, management, and financing of REDD+ in the jurisdiction.
Choose from a variety of options for jurisdictional approaches

International REDD+ System

- Central government
  - Subnational jurisdiction
    - Project
  - Finance from international REDD+

- Central government
  - Subnational jurisdiction
    - Project
  - Finance based on in-country agreement

- Central government
  - Subnational jurisdiction
  - Project

Adapted from Chagas et al, Nested Approaches to REDD+: An Overview of Issues and Options
Consider various factors in choosing scale of jurisdiction that is best for REDD+

- **Effectiveness**
  - What sub-national jurisdiction has the most influence on carbon emissions? (spatial planning; licensing; enforcement)

- **Efficiency**
  - What economy of scale issues are there?
  - How many layers of administration can the national program handle?

- **Equity**
  - How to avoid “top down” decision-making?
  - How to avoid narrow self-interests at local level?

- **What is beyond the control of the jurisdiction?**
  - Beyond control of both district and province:
    - National-level licensing in forestry
    - National level licensing in mining
  - Beyond control of province
    - District-level licensing in oil palm and
Why would a national program develop sub-national jurisdictional programs?

Jurisdictional programs present many of the challenges of national programs but at more manageable scale.

- **Could be a seed crystal:** a small single crystal that can be used to grow a large crystal through exact replication of the whole crystal.

- **Could be a seedbank:** a source of individual seeds for development elsewhere as needed or as opportunities arise.
National programs can achieve better outcomes by actively managing jurisdictional programs

Reasonable expectations:

- Testing or accelerating existing national-level strategies or reforms (KPH; One-map initiative; SVLK; ISPO; Village Forests)
- Developing new strategies that are relevant nationally (RIL-C; Village REDD+)
- Facilitating jurisdiction-level input to national policy dialogues
- Testing mechanisms for scaling and/or replication (beyond projects)
- Documenting and sharing lessons
SCOPING AND DESIGN
Find a suitable jurisdiction and develop a team for program development

- Criteria for selection of jurisdiction
  - Jurisdictional government commitment
  - High capacity of local government, NGOs, and private sector institutions
  - A wide range of challenges that are relevant outside the jurisdiction
  - Strong potential for internal and external funding
  - Good opportunities for achieving multiple development objectives (poverty alleviation, biodiversity and environmental services protection)

- Develop a diverse team
  - Government—engagement of government staff from multiple scales
  - Civil society—community organizations and NGOs
  - Private sector—companies and industry associations from key sectors
  - Technical experts
  - Donor agencies—both those financing the scoping as well as potential funders of readiness phase
  - Process manager—likely a strong national or international NGO
Perform rapid assessment of the key drivers of forest loss and the opportunities to reduce emissions

Sources of emissions in Berau 2000-2010

- Pattern of forest loss mostly aligned with legal conversion of forests and legal logging
- 51% of emissions from deforestation in “non-forest” area
- 28% of emissions from legal logging in natural forest concessions
- 17% of emissions from deforestation in timber plantation licenses
Perform a rapid assessment of the socio-economic context

- A total of 107 villages; 20+ surveyed
- Total population in 2009 was 175,000 people.
- Population density of 4-5 people/km².
- Communities in Berau vary substantially;
- BFCP is developing “model villages” in each of the zones identified
Berau Forest Carbon Program (BFCP) Goals for 2015:

- 800,000 hectares of forestland under effective management
- 10 million tons of CO2 emission
- Conserving critical watersheds
- Protecting the habitat of 1,500 orangutans
- Creating improved economic outcomes for local communities
- Generating experience for national/regional/global application

Develop clear, measurable and compelling (but realistic) program objectives
Principles that emerged through program development process

- Focus on improving the well-being of people and accelerate sustainable development in both short-term and long-term.
- Select REDD+ strategies that reduce emissions cost effectively, provide substantial co-benefits, and develop capacity in key areas.
- "No regrets" approach
  - Focus as much as possible on fundamentals of sustainable natural resource management.
  - Do not push actors to overcommit given the reasonably expected benefits.
- Get the phasing of program development right.
- Drive creation of new opportunities with low emissions.
Develop a program approach that is flexible enough to deal with various possible future scenarios.

**JURISDICTIONAL PROGRAM**

**creates enabling conditions**

- District-wide carbon accounting
- Development planning and licensing
- Financial mechanisms & upfront finance
- Policy work

**Model Incentive Agreements and Programmatic Financing for Each Project Type**

Customized for each sector.

Common elements

- Manager commitment to achieve performance targets (e.g. FSC certification)
- Technical assistance delivered efficiently
- Financial incentives, including operations financing and performance payments
- Streamlined regulatory context

**Bundling Maintains Options for Carbon Financing**

Bundling simplifies program management in light of uncertainties about carbon finance arrangements internationally. Approach could be adapted to:

- Carbon market with company buyers or government buyers
- Fund-based pubic financing from outside Indonesia
- Internal GOI payment/incentive transfer mechanism

**Customized Agreements**

- Customized agreements are negotiated with each land manager
- Streamlined performance monitoring

**Develop a program approach that is flexible enough to deal with various possible future scenarios**
There are short and long-term benefits of avoiding project-level crediting within a jurisdictional program.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Short-term</th>
<th>Long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not require full agreement on carbon rights ownership in Indonesia</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Does not require long-term tenure certainty at beginning of the program</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>More flexibility in design of site-level incentive agreements to address multiple objectives</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lower transaction costs compared to site crediting</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Easier nesting within national program under various funding scenarios (market; fund-based)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Simpler to design and deliver programmatic approaches for technical assistance</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Genuine alternative for Indonesia to test during REDD+ pilot phase</td>
<td>X</td>
<td></td>
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</table>
Develop an initial program structure but be flexible

**Bupati (Head of District)**

- BFCP Steering Committee

**Multi-district mechanisms**
- TFCA Oversight Committee
- National ForClime Program

**Coordination**

**Berau REDD+ Program**

- Various District Government Agencies supporting REDD+
- Multi-Stakeholder REDD+ Working Group
- Community Forum

**Implementing partners (Local NGOs, TNC, ForClime, RECOFTC, etc.)**

Financing and technical assistance
READINESS
Stay aligned with national program and support R&D on carbon accounting approaches

Collaboration:
- The Nature Conservancy (TNC)
- World Agroforestry Centre (ICRAF)
- Universitas Mulawarman
- Dipterocarp Center
- GIZ
- CCROM
- Woods Hole Research Center (WHRC)
- Winrock International
- University of Maryland
- University of Florida
- US Forest Service
Support science and policy dialogue on reference emission levels, but be careful on “finalizing a REL”

It is **not currently possible to “finalize” a jurisdictional REL** in Indonesia:
- No agreed methods
- No agreed approval process
- Current REDD+ regulations do not allow jurisdictional programs

Important to **develop REL options** for stakeholders to consider. To date:
- Strict historical
- Trend
- Modeled (multiple methods)

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**Establishing REL**

**Alternative methods for predicting BAU**

1. **Historical Rate of project area**
   - Trend analysis.
   - Rate derived from “reference region.”
   - “Planned” (e.g. legal license to log/convert)

2. **Historical Rate (with adjustments)**
   - Non-spatially explicit model (e.g. population-forest fraction)

3. **Forward Looking**
   - Spatially explicit modeling

**Analysis of options for RELs conducted**
Strengthen key local management and governance institutions:

A 775,000 hectare Forest Management Unit (KPH) pilot is a critical element of the approach in Berau that ties together multiple program components.

Logging concessions: legality verification; SFM certification

Communities: “Village Forest” licenses; land tenure clarification

Protection forest: developing models of effective management
DEVELOP REPLICABLE SITE STRATEGIES—SELECTIVE LOGGING CONCESSIONS

• IMPORTANCE: Contain more than 50% Berau’s forest; 28% of emissions

• STRATEGY: Implementation of legality standard, SFM certification, carbon management practices

<table>
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<tr>
<th>#</th>
<th>Timber concessions part of BFPC</th>
<th>Area (ha)</th>
<th>Yrs of lic.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>PT. Rizki Kacida Reana</td>
<td>51,000</td>
<td>48 years</td>
</tr>
<tr>
<td>2.</td>
<td>PT. Inhutani I</td>
<td>160,250</td>
<td>39 years</td>
</tr>
<tr>
<td>3.</td>
<td>PT. Karya Lestari</td>
<td>49,123</td>
<td>42 years</td>
</tr>
<tr>
<td>4.</td>
<td>PT. Aditya Kirana Mandiri</td>
<td>42,700</td>
<td>42 years</td>
</tr>
<tr>
<td>5.</td>
<td>PT. Amindo Wana Persada</td>
<td>43,680</td>
<td>42 years</td>
</tr>
<tr>
<td>6.</td>
<td>PT. Wana Bhakti</td>
<td>44,402</td>
<td>42 years</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>391,155</td>
<td></td>
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With improved practices it is possible to reduce emissions by ~30% without reducing harvest levels.
Linking Reduced Impact Logging (RIL) to carbon emissions

**SUMMARY OF APPROACH**

1) Define specific “RIL-C” practices that measurably reduce emissions
2) Sign incentive agreements with companies that commit them to perform those practices
3) Deliver technical assistance to support the implementation
4) Third party auditing of the field implementation of RIL-C practices plus satellite monitoring
5) Deliver performance payments
It is important to engage local communities on program-level issues as well as at land management level

**Program-wide:**

- Community and CSO consultations in the development of BFCP Community Strategy (led by the World Education).
- Community participation in BFCP decision-making processes (Community Forum; linkages to Steering Committee).
- Develop fair and transparent benefit sharing mechanism.

**Site-level**

- Focus on 20+ villages in Kelay & Segah watersheds plus 2 coastal villages.
- Develops ‘models’ in 4 villages.
- Replicate models in 16 more villages
**Visioning and Planning**
- Long-term vision for natural resources
- Medium term management planning
- Institutional development

**Input-based payments in incentive agreements**
- Management and Institutional Development
- Mitigation and carbon enhancement
- Livelihood development (‘compensation’ and incentives)

**Performance payments**
- **Output-based payments** made upon the maintenance or improvement of desirable state of natural resources.
- **Outcome-based payments** made upon the production of desirable environmental outcomes

The BFCP village incentive agreements link to the existing government planning framework, but lengthen the planning horizon and provide additional support for natural resource management and livelihoods.
• 17% of Berau’s land; currently unmanaged

• Establish Forest Management Unit oversight role

• “Village Forest” concessions

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Protection Forest</th>
<th>Size (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Gn. Kopoi</td>
<td>249,372</td>
</tr>
<tr>
<td>2.</td>
<td>Sungai Lesan</td>
<td>11,200</td>
</tr>
<tr>
<td>3.</td>
<td>Pegunungan Menyapa</td>
<td>46,315</td>
</tr>
<tr>
<td>4.</td>
<td>Sungai Domaring</td>
<td>7,224</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>314,111</td>
</tr>
</tbody>
</table>

**PROTECTION FOREST**
Develop a clear approach to site selection to increase chance of satisfying multiple objectives

**Key considerations in site selection**

- Legal options for where to employ strategies
- Stakeholder interests and capacity
- Benefits of employing strategies in particular places
  - Reducing emissions
  - Protecting environmental services
  - Protecting
- Costs of implementing strategies
  - Startup,
  - Opportunity, costs (to producer; to society)
  - Implementation

Marxan with Zones for systematic planning of lowest cost emission reductions while meeting economic and biodiversity targets—gives insight into where to apply strategies
Integrate REDD+ into development planning and licensing by considering changing suitability criteria and review processes

- Needs to be done for cross-sectoral mechanisms (spatial plan, mid-term development plan).
- Needs to be done for sectoral planning and licensing.
- Requires giving clear value proposition to jurisdiction for lost development benefits.
Progress to date in Berau program

- **Program governance:** Steering Committee established; REDD+ Working Group; Community Forum

- **Analytical base:** Completed in-depth analysis of production forests, profitability of different land uses, HCVF across district, drivers of DD, laws and regulations across scales, spatial data discrepancies, etc.

- **Program design:** BFCP strategic plan developed based on extensive multi-stakeholder, multi-level consultation; helped to shape provincial-level REDD initiative in East Kalimantan.

- **On the ground:**
  - Work with logging concessions and community managed areas covering nearly 500,000 hectares;
  - Initiation of 775,000 hectare Forest Management Unit (KPH) pilot with Ministry of Forestry
  - 4 “Model villages” initiated with livelihood programs and mitigation commitments

- **Positioning:** Recognition as a national REDD+ Demonstration Activities; linked to East Kalimantan Low Carbon Growth Strategy;

- **Financing:** German ForClime; USG Debt for Nature (TFCA); Norad; TNC
Fully update and clarify roles of REDD+/green development actors before developing performance-based agreements

- Model KPH Berau Barat
- German Forests and Climate (ForClime) Program
  - GIZ Technical Cooperation
  - KFW Financial Cooperation
- Green East Kalimantan Program
- National and Provincial Greenhouse Gas Mitigation Action Plans
- US Tropical Forest Conservation Act debt swap
- Funding through TNC
  - Norwegian Agency for Development
  - Department of Agriculture Fisheries and Forests (production forestry)
  - German Environment Ministry? (oil palm)
- Other
  - The Asia Foundation
  - RECOFTC
Develop a clear set of priorities for conservation but an adaptable approach to applying mitigation hierarchy

**LARGE LANDSCAPE PLAN**
Integrated map of assets and conservation priorities to use in evaluating development plans and REDD+ investments:

- Natural capital assessment
  - Forest carbon
  - Watershed services
  - Biodiversity
- Community conservation priorities

**MITIGATION HIERARCHY**

**AVOID CONVERSION**
- Integrate REDD+ into development planning and licensing

**REDUCE IMPACTS**
- Improve site-management practices to reduce emissions

**RESTORE**
- Forests important for people and nature
For each strategy, identify key results (for performance-payments) and potential emission reductions

<table>
<thead>
<tr>
<th>Area</th>
<th>Net CO2/yr</th>
<th>District program results</th>
<th>Site level results</th>
<th>Potential ER/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Villages</td>
<td></td>
<td>• # village development plans approved</td>
<td>• # ha forest under protection management</td>
<td>Challenging attribution</td>
</tr>
<tr>
<td>Natural forest concessions</td>
<td>2,940,000</td>
<td>• # ha under effective KPH management</td>
<td>• Certification (legality, SFM) • # ha of RIL</td>
<td>520,000 (slow build-up)</td>
</tr>
<tr>
<td>Protection forests</td>
<td>-50,000</td>
<td>• # ha of Village Forest licenses • # ha of protection forest with high carbon/high threat under eff. mgt</td>
<td>• Score on management effectiveness audit</td>
<td>Minimal</td>
</tr>
<tr>
<td>Timber and pulp plantations</td>
<td>1,420,000</td>
<td>• Average C stocks in new plantation license areas</td>
<td>• Certification (legality, SFM)</td>
<td></td>
</tr>
<tr>
<td>Areas zoned for agriculture</td>
<td>4,430,000</td>
<td>• Average C stocks in new plantation or mining license areas • # ha of agriculture land protected for carbon storage</td>
<td>• Certification (ISPO, RSPO)</td>
<td>1,904,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,750,000</strong></td>
<td></td>
<td></td>
<td><strong>2,424,000</strong></td>
</tr>
</tbody>
</table>
Still a variety of options for jurisdictional approach in Berau

- Norway Forest Climate Initiative
  - FREDDI
    - Berau
      - Projects (villages, concessions, protection areas)
- Forest Carbon Partnership Facility Carbon Fund
  - Central government
    - Program steering
    - Berau
      - Projects (villages, concessions, protection areas)
- International sources
  - National institutions
    - Berau
      - Projects - villages,
      - Projects - concessions,
      - Projects - protection areas

Finance from international REDD+
Finance based on in-country agreement

Adapted from Chagas et al, Nested Approaches to REDD+: An Overview of Issues and Options
LINKAGES TO NATIONAL LEVEL
National programs should provide coherent guidance to jurisdictional programs

“Need to have”

- Approach to handling carbon rights (clarifying at least for demonstration phase)
  - Is there still a goal to have an integrated national accounting system? If so, need to be careful on allocating carbon rights
- Clear approach to District REL/MRV
  - Methodological requirements or options
  - Approval process

“Nice to have”

- Overall readiness performance assessment
- Outline investment program packages for jurisdictions
- Designed incentive agreements and ready financing
- SES guidance for district programs
- Guidance for negotiation and development of commitments for jurisdictional programs
Also need to be realistic since basic questions on REDD+ have not yet been answered—stay flexible

- How will sub-national emission reductions be trued up to the national?
- How will NAMAs, donor funded initiatives, and crediting be reconciled?
- Which category would BFCP emission reductions be included in?
- Who owns the carbon in the forests in Indonesia?

Joint paper by TNC and Baker & McKenzie addresses many of the key issues in nesting REDD+ programs
THANK YOU