

CLIMATE INVESTMENT FUNDS

August 5, 2016

[Approval by mail] Indonesia: Community-Focused Investments to Address Deforestation and Forest Degradation (FIP) (ADB) XFIPID019A

ADB RESPONSE TO COMMENTS RECEIVED FROM THE UK

ADB's Response to comments from the UK

| Comment | Response |
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| <p>1. The project is technically sound but we have some reservations about the extent to which it has the potential to be transformative (i.e. evidence in the project proposal to suggest that it will make a difference beyond the relatively small scale impact on the ground). The articulation between field activities and provincial and national policy is not clear. For change to be meaningful and transformational it is important that this is made explicit.</p> | <ul style="list-style-type: none"> • Thanks for appreciating the technical soundness of the project. • We note your reservations in terms of the transformative potential of the project. It is important to note that this is a very small investment – \$17 million, in terms of addressing enormous challenges facing the forestry sector in a large country like Indonesia. However, we believe that the project can serve as a catalyst for transformation of (i) institutions, (ii) policies, (iii) technologies and (iv) behavior of stakeholders, as noted in the cover sheet. <ul style="list-style-type: none"> ○ The project can catalyze institutional transformation by focusing on preparing business plans and sustainability of Forest Management Units (FMUs), as a model for other FMUs. ○ Likewise, by facilitating clarification of access to resources through spatial mapping, formulating appropriate safeguards policies, and highlighting approaches for integrating natural capital considerations in fiscal policies, we believe that the project can help in raising awareness of policymakers to think about transformational options to reduce emissions from deforestation and forest degradation. ○ By employing modern technologies such as GIS and remote sensing, the project can transform thinking of local decision makers. For example, the “one map” initiative launched by the erstwhile REDD+ task force has been appreciated as “highly transformative”. ○ Similarly, many project activities are aimed at bringing transformational changes in the behavior of local communities and the private sector to minimize exploitation of forest resources. • In view of the need for demonstration of transformative potential on the ground, nearly 85% of total budget is allocated to field activities in 5 FMUs over 5 years. The remaining budget is used for policy support at provincial and national levels. • We strongly believe that the project has explicit links between field activities in FMUs and policy aspects at provincial and national levels. For example, efforts to clarify access to forest resources at FMU level have a direct link with establishing province-wide grievance redress mechanism on tenure. Likewise, community benefit sharing arrangements at FMU level has direct links with policies for integrating natural capital considerations in fiscal policies at national and provincial levels. In addition, policy support in identification of incentive structures for rewarding ecosystem services at the national level has direct links with formulation of FMU business plans. |

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| <p>2. It is notable that in the discussion on GHG emissions there is little mention of peat as a contributor to GHG emissions or as an issue in the whole series of project documents. Histosols (peat) are found in the project area according to the environmental impact assessment (Annex 10) We know that once drained peatlands emit far more GHG across Indonesia than even burnt forest. Whilst this is not a peat project we would expect the issue to be considered. The analysis of the causes of fire seems very light weight and not drawing on best practice (e.g. CIFOR) which casts some doubt on the proposed fire management strategies.</p> | <ul style="list-style-type: none"> • We fully recognize the importance of peat land related emissions. However, the extent of peat lands in the project area is much limited as compared with other districts of West Kalimantan. Also please note that project area has a very wet climate, with an average annual rainfall of 4100 mm/year. During project design, the team assessed the opportunities for reducing peat land related emissions and concluded that such opportunities are limited. Based on your suggestion, however, we will further look into opportunities for reducing peat land related emissions during project implementation. • Field investigations and interviews with local officials in Kapuas Hulu and Sintang districts confirmed the need to assist national park managers and local communities in selected villages on community-based forest fire management practices. We are aware of CIFOR work on forest fire management and will continue to integrate their recommendations into proposed fire management strategies. |
| <p>3. The UK has a long term investment in Indonesia through the Multi-stakeholder Forests Programme (MFP3). MFP3 has a dynamic and responsive approach to supporting 15 FMUs, also meeting the FMUs' needs for TA support. The success of this work has been highly dependent on a good FMU manager, so this is a major risk for the ADB project given that 4 out of 5 FMUs have no staff yet. MFP3's support has not involved setting up a heavy parallel project infrastructure which can marginalise the existing agencies and then of course will disappear at the end of the project. We would like to encourage the ADB team to meet with the MFP3 team to learn from their experience. We are happy to facilitate introductions if needed.</p> | <ul style="list-style-type: none"> • We agree that a good FMU manager is critical. However, we wish to inform that the government confirmed that 4 out of 5 FMUs have staff identified including the FMU manager. In the two national park FMUs, several staff are well qualified but they do not have adequate resources. We do not intend to set up a heavy parallel project infrastructure. We place high importance on sustainability issues and wish to build on existing institutions and staff, and strengthen their capacity. • Thank you very much for the offer of facilitating introductions to staff of the MFP3 project. The project implementation support team will get in touch with the MFP3 team as soon as they are mobilized. |
| <p>4. We would also encourage ADB to make contact with the UK Climate Change Unit in Jakarta which is supporting a range of relevant forest and land use sector initiatives.</p> | <ul style="list-style-type: none"> • We are in touch with the UK Climate Change Unit in Jakarta on a regular basis and will continue to exchange views and information during project implementation. |
| <p>5. Political economy analysis is always sensitive and possibly too difficult to address in technical documents of this type, but a thorough understanding of the political economy context is important for this project. We would like to encourage the ADB to liaise with CIFOR based in Bogor, with an excellent understanding of local context and a wealth of relevant research.</p> | <ul style="list-style-type: none"> • We agree that political economy analysis is always sensitive and complex to understand. Please note that at least 4 current or former CIFOR staff members assisted in the project design. We will continue to liaise with CIFOR during project implementation to get a better understanding of the local context and political economy. |