The Indonesia - Norway Agreement to reduce greenhouse gas emissions from deforestation and forest degradation

Greenpeace Assessment of Progress

November 2012

Executive Summary

This paper assesses progress against the Indonesia-Norway Letter of Intent (LoI) on 'Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+)', signed on 26 May 2010. After more than two years of action and effort by Indonesia's government and institutions, this Greenpeace assessment includes an analysis of the LoI's performance so far, measured against the agreed key performance indicators from the Indonesia-Norway Joint Concept Note, signed on 12 March 2010.

The LoI set a challenging three and a half year timetable to meet the key performance indicators for the first two agreed phases of the cooperation. Phase 1 'Preparation' was to be completed by the end of 2010, and Phase 2 'Transformation' was to begin at the start of 2011 and finish by the end of 2012. Under the LoI, the Government of Norway pledged support and assistance based on the principle of 'contributions-for-delivery' of Phases 1 and 2 totalling US$ 200 million. Norway's Government pledged an additional US$ 800 million for Phase 3 'Contributions-for-verified emission reductions' to start from 2014, based on the 2013 emissions reductions that Indonesia is able to achieve.

Summary of Progress so far

Progress has been slow and it is still questionable whether the timetabled deliverables of the agreement can be achieved before performance payments for emission reductions are due to start flowing in 2014. While some progress has been made on promoting anti-corruption, raising awareness, national ownership and institutional frameworks and plans, the most crucial deliverables, the implementation of 'a two year suspension of all new concessions for conversion of peat and natural forest' and a credible degraded land database, have not been met.

In the first pilot province, Central Kalimantan, legal and tenure certainty, land use planning, cross-government hierarchies and community conflict in relation to forest areas and concessions, remain problematic and unresolved. Another pressing reform that is yet to produce tangible results are the monitoring, reporting and verification (MRV) frameworks that need to be in place for Phase 3, which will allow Indonesia to undertake proper land use planning, accurate estimates of baseline emissions and any reductions it achieves to enable performance payments.
(See 'Greenpeace Report-card summarising LoI progress so far' in Annex)

Roadblocks to Progress and Fixes needed

Poor Governance:
Much of the poor governance stems from the Ministry of Forestry's (MoF) control of over 70 % of Indonesia's land, of which only 10 % has been gazetted, resulting in multiple interpretations of laws and many conflicts with local and indigenous communities. Many forest concessions lack appropriate permits from the MoF and inconsistencies and uncertainties prevail, encouraging corruption, rent-seeking and land banking by concession holders. Ensuring certainty of tenure is just one aspect of governance reform that has produced few results under the LoI.

Outdated Maps and Data:
After three formal revisions of the moratorium maps, which have each reduced the area of forest and peatland protected by the moratorium, the moratorium on new concession licensing still fails to include secondary forests and also allows licensing of forest conversion for food and energy, including palm oil, one of the main drivers of deforestation in Indonesia.

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The MoF's most recent land cover map has not been made public. Furthermore, land cover maps from the MoF and the National Land Agency are based on different methodologies. Concrete steps must be taken to produce the 'one map' or spatial land use data that is freely and publicly available, transparent, accurate, up-to-date and harmonised across sectors, governments and Ministries.

In addition, deforestation rates in Indonesia are unfortunately hard to obtain and on the basis of existing datasets, it is difficult to identify trends. Data on deforestation released by the MoF is either contradictory or cannot be verified.

Social and Environmental Safeguards

The LoI was criticised for its weak social and environmental safeguards' objectives. Land rights of indigenous peoples have been a major stumbling block for Indonesia. Significantly, however, the MoF recently completed research showing that there are more than 25,000 officially recognised villages within the forest zones of Indonesia, estimated to include more than fifty million people. Indigenous rights groups in Indonesia see this as a step towards official recognition of a broader indigenous rights agenda. However, benefit sharing provisions of REDD+ payments are mired in intergovernmental squabbles.

Definition of Degraded Land

Degraded land criteria must take into account carbon stocks and High Conservation Values (HCV) to ensure these lands have low carbon and biodiversity value. If the Presidential Instruction on the moratorium on new licences is any indication, Indonesia may be intending to define degraded lands as secondary forests. This would be a blatant betrayal of the LoI agreement and would undermine trust in REDD+ generally.

Permits for concessions on High Carbon Stock (HCS) forest land found to have been issued in breach of existing laws can be rescinded and added to the areas protected by the moratorium, and those found lawful can be prioritised for land swaps to lower carbon value degraded land unencumbered by legal, social, environmental and economic issues.

An effective land swap of lawful concessions on HCS land and the rapidly expanding agricultural and pulpwood activities to low carbon degraded lands free from social conflict requires credible data, appropriate decision-making software and, an open and transparent stakeholder led processes.

Conclusions and Recommendations

Once legally enforceable and credible land cover and land use maps have been produced that clearly identify degraded lands, economic development zones, conservation areas, indigenous land claims, and forest, agriculture and mining concessions in a consistent way, REDD+ in Indonesia will be able to progress apace.

To give adequate space for such an enormous task to be prepared and completed, the moratorium must be extended beyond its two year deadline and enhanced to include all peatlands and all forests, as well as an urgent revision of existing concessions. The Indonesia Norway REDD+ Partnership is an innovative governance and disbursement mechanism that will require a long lead time, which clearly has been underestimated. REDD+ in Indonesia is a novel idea still taking shape and yet to be fully endorsed and accepted by the Government of Indonesia, its institutions and the influential business lobby. New actors and performance metrics have, understandably, caused delays and frustrated expectations.

This should not be seen as a failure of the Partnership. Rather, it should be seen as a consequence of increasing national ownership of REDD+ by a young democracy still grappling with a legacy of inadequate governance, intergovernmental coordination, regulatory oversight and harmonised land use laws. As such, a recalibration of expectations is urgently needed, as well as a redoubling of effort and assistance to ensure that the crucially important REDD+ enabling reforms, detailed in the Indonesia-Norway LoI, are allowed to continue without further hindrance so that they can have the positive impact they were designed for.

Key Greenpeace Recommendations

The following recommendations are seen by Greenpeace as necessary improvements to the current LoI, moratorium and pilot province schemes, which we believe will enhance Indonesia's REDD+ capacity to engage in meaningful emission reductions.

For the Moratorium

- Extend the term of the moratorium to ensure all key reforms of Phase 2 are successfully completed.
- The moratorium should be enforced and strengthened by including all forests. All lands that are considered High Carbon Stock (HCS) should be included in the moratorium.
- Enforce the moratorium and ensure that new oil palm and pulp plantations are developed on non-HCS and non-HCV lands.
- The Indonesian government should immediately start a review of existing concessions and withdraw those that have been obtained in violation of its legislation. Concessions where the legal status has been validated but which are located in HCV or HCS forests should be relocated. In parallel, an independent national monitoring system for deforestation should be developed to bring greater transparency to the process, put in place effective monitoring and enforcement and empower local communities, including the protection of their rights to access to and control of the lands they rely on for their livelihood.
- The moratorium should only be lifted gradually, on a case by case basis, according to achievements such as concrete actions taken to protect forests and secure responsible forest management, rather than a pre-set time frame.

Beyond the Moratorium

- Clarify mechanisms through which safeguards are to be upheld and ensure the application of safeguards in the demonstration (pilot) provinces.
- Ensure that the new REDD+ Agency is given at the least the same status and influence as other ministries, that it does not fall under the remit of the MoF and that it is impartial and focused on REDD+ and its components.

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Acronyms

Bappenas:	Badan Perencanaan dan Pembangunan Nasional - Indonesian National Planning Agency
BAU:	Business As Usual
DBH:	Diameter (of a tree) at breast height
DFID:	Department for International Development (UK)
FAO:	Food and Agriculture Organisation of the United Nations
FPIC:	Free, Prior and Informed Consent
FPP:	Forest Peoples' Programme
GAR:	Golden Agri Resources
GHG:	Greenhouse gas
GIS:	Geographic Information Systems
GoI:	Government of Indonesia
GtCO2e:	Billion metric tonnes of carbon dioxide equivalent
HCS:	High Carbon Stock
HCV:	High Conservation Value
ICCC:	Indonesia Climate Change Center
IMM:	Indicative Moratorium Map
INCAS:	Indonesia National Carbon Accounting System
Inpres:	Presidential Instruction
IPCC:	Intergovernmental Panel on Climate Change
IWGFF:	Indonesia Working Group on Forest Finance
JCN:	Joint Concept Note
LoI:	Letter of Intent
LULUCF:	Land Use, Land Use Change and Forestry
Mha:	Million hectares
MoF:	Ministry of Forestry
MRV:	Monitoring, reporting and verification
NORAD:	Norwegian Agency for Development Cooperation
REDD+:	Reducing Emissions from Deforestation and forest Degradation
tC/ha:	Tonnes of carbon per hectare
TFT:	Tropical Forest Trust
UCS:	Union of Concerned Scientists
UNDP:	United Nations Development Programme
UNFCCC:	United Nations Framework Convention on Climate Change
WRI:	World Resources Institute

1. Introduction

Indonesia spans an area of 190 million hectares (Mha) across some 17,000 islands[1], the largest of which are Sumatra, the Indonesian part of Borneo - Kalimantan, Sulawesi, and the Indonesian part of New Guinea - Papua. Its tropical forest is the third largest on Earth with an area of 94.7 Mha[2]; from evergreen lowland dipterocarp forests in Sumatra and Kalimantan to seasonal monsoon forests, and non-dipterocarp lowland forests in Papua.[3]

It was reported in 2007 that Indonesia was the third largest emitter of greenhouse gas (GHG) after the USA and China, 85 % of which was attributed to deforestation and degradation of forests and peatland.[4]

In 2007, Indonesia hosted the United Nations Framework Convention on Climate Change (UNFCCC) on the Island of Bali. At the Bali Climate talks, Reducing Emissions from Deforestation and forest Degradation (REDD+) in developing countries was introduced as a mitigation activity aimed at reducing up to 20 % of global GHG emissions.[5]

In 2009, President Yudhoyono committed Indonesia to reducing its GHG emissions by 26% and by 41% with international support, and the following year entered into a REDD+ partnership with Norway with the signing of a Letter of Intent (LoI) that envisaged, among other important reforms, a two-year moratorium on all new forest concession licences and a US$ 1 billion grant including US$ 800 million for verified emission reductions.[6]

The 2010 Norway Indonesia Letter of Intent (LoI) was seen as a potential "game changer" for REDD+ in Indonesia and worldwide. With the details of the bilateral partnership still being discussed, the 2010 NORAD review of the LoI described it as "catalysing greater stakeholder participation, public interest and debate, and increasing the commitment, speed and effectiveness of the Indonesian government's action on REDD+."[7]

The 2011 independent review of the LoI by Gaia Consultancy found that, despite Indonesia not accomplishing all the deliverables of the agreement, sufficient progress had been made to continue providing support over the coming year under the US$ 30 million already paid into the UNDP Trust Fund. However, the review recommended that funding beyond 2011 be justified against the delivery of the remaining agreed outputs.[8] As discussed below, it is questionable whether adequate progress on the agreed deliverables of Phase 2 has been made to ensure additional results-based payments.

Indeed, more than two years on from the signing of the LoI, it remains to be seen what impact this enhanced attention and action has had on the real issues of improving forest governance, addressing the drivers of deforestation and degradation, and reducing the resulting GHG emissions in Indonesia.

Much criticism has been levelled at Indonesia for the inadequacy of the moratorium on new forest concessions - a key action in Phase 2 (see below) - and the slow progress on meeting critical aspects of the agreement.

One positive outcome from the LoI is that President Yudhoyono is addressing systemic corruption within Indonesia's forestry sector. The President's Legal Review and Law Enforcement Working Group[9] is already investigating hundreds of companies and officials who have illegally expanded forestry, mining and plantation activities, costing the state billions of dollars in lost revenues.[10]

It must be noted that President Yudhoyono has been under considerable pressure from powerful commercial interests and their lobbyists, as well as from Ministries within his own Government. Currently, Indonesia derives much of its economic growth from the expansion of oil palm and pulp and paper production. While a number of allegations have been aimed at these sectors over lost government revenue from corruption and tax avoidance,[11] these corporate operators are economically dominant, delivering significant revenues to provincial and national

[1] CIA, 2012
[2] Ministry of Forestry, 2011
[3] NORAD, 2010
[4] DFID & World Bank, 2007
[5] UNFCCC, 2008
[6] Government of the Kingdom of Norway and Government of the Republic of Indonesia, 2011
[7] NORAD, 2010
[8] Caldecott et al, 2011
[9] Indonesian REDD+ Task Force, 2012
[10] Jakarta Post, 2011a
[11] See for example Kaimowitz, 2003; Human Rights Watch, 2009; Butler, 2011; Greenpeace, 2010

governments.[12] These corporations and their owners are politically powerful, well organised and influential, funding stridently pro-development lobby groups such as World Growth.[13]

Unless addressed, these influential and often competing interests within the plantation and logging sectors, as well as those within the Government of Indonesia (GoI), will undermine both the development of a transparent funding instrument and the effective implementation of REDD+.[14]

This analysis describes the progress, failures and opportunities of the Indonesia Norway LoI and provides recommendations for reform and improvement to enable REDD+ contributions for verified emission reductions to flow and effective, efficient and equitable reductions in deforestation and degradation to occur in Indonesia.

The LoI specifies three phases of the Partnership: Phase 1 'Preparation'; Phase 2 'Transformation'; and Phase 3 'Contributions for verified emission reduction'.[15]

2. Phase 1 – 'Preparation'

The Joint Concept Note (JCN)[16] described the expected outputs and key performance indicators agreed by the Governments of Indonesia and Norway for Phase 1 which was to run from 26 May 2010 to 31 December 2010. However, the 2010 NORAD review of the LoI identified only 40-50 % of the substantive deliverables of the JCN had been met with an expenditure of only 10 % of the foreseen budget.[17] The underspend was attributed mainly to an 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.[18]

3. Phase 2 - Transformation

Phase 2 (2011-2013) includes two of the most important relevant actions: a two-year moratorium on all new concessions for conversion of natural forest and peat (which was to have been in place by 1 January 2011) and the creation of a degraded lands database. Thus far, only the moratorium has been implemented and this has not met the agreed criteria of the LoI.

The Presidential Instruction (Inpres) enacting the moratorium was not issued until a week before the first anniversary of the LoI in May 2011. The five-month delay and the rumors of different versions highlighted the power struggle between the various interests in the Indonesian Government and the highly influential business lobby.

The Inpres was not retrospective and did not apply to licenses 'approved in principle' by the Ministry of Forestry (MoF).[19] The delay enabled private interests the opportunity to obtain additional new licenses.[20] Among other provinces, this occurred in Central Kalimantan, which was selected to be the REDD+ pilot province under the LoI.[21]

The initial moratorium map included 71.0 Mha.[22] Although there were 42.5 Mha of primary forests and peatlands[23] (~28.4 Mha of primary forests not including peat) and significant carbon stocks within the boundaries of the indicative moratorium map,[24] much of the area was already protected. Once existing protection mechanisms are taken into account (e.g. legal conservation status, steep slopes, and peat deeper than 3 meters), the moratorium only protected about 13.7 Mha (13 %) of Indonesia's primary forests and peatlands, containing 16 % of Indonesia's

[12] Fisher et al, 2011
[13] See www.worldgrowth.org
[14] Edwards et al, 2012
[15] Government of the Kingdom of Norway and Government of the Republic of Indonesia, 2011.
[16] Government of the Kingdom of Norway and Government of the Republic of Indonesia, 2010
[17] Caldecott et al, 2011
[18] Caldecott et al, 2011
[19] Instruction of the President of the Republic of Indonesia Number 10, 2011
[20] Seymour, 2012
[21] Murdiyarso et al, 2011
[22] Greenpeace, 2012b
[23] UCS et al, 2011
[24] WRI, 2012

biomass and peat carbon. [25] A much smaller area than hoped.[26] This leaves almost 50 % of Indonesia's primary forests and peatland without any protection.[27]

The term 'natural forest' in the LoI was interpreted by the GoI to mean 'primary forest' in the Inpres, thus excluding some 46.7 Mha of unprotected secondary forest.[28,29]

The JCN envisioned that during Phase 1, groundwork would be completed in the form of a "baseline on forest and peatland 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".[30] The ambiguity in the JCN over whether this included logging or forest conversion (since 'concessions' could apply to either), created the opportunity for interpretation and debate.[31]

The LoI is clearer in stating that during Phase 2 there should be the implementation of "a two-year suspension of *all* new concessions for conversion of peat and natural forest".[32] The moratorium thus does not comply with the LoI agreement because not all new concessions were suspended. The forest area covered by the Inpres is subject to exemptions for activities 'vital' to national development, including those for food and energy security. Furthermore, existing permits for logging and agriculture in primary forest and peatlands can be extended. [33]

Although already notionally protected under the Presidential Decree, the Inpres reportedly added legal protection to 11.2 Mha of deep peatlands (2.6 Mha of primary peatlands and 8.6 Mha of logged peatlands) which are both physically accessible and significantly threatened by conversion.[34] Shallower peatlands (those less than 50 cm deep) remain unprotected.[35] That most peatlands are off limits for concession licensing was seen as a major victory for carbon and biodiversity protection. Yet, many primary mixed-dipterocarp forests protected under the decree are in steep, mountainous areas that were unlikely to ever face conversion.[36]

The lack of clarity and transparency in the scope of the moratorium makes it difficult to assess its efficacy for reducing GHG emissions from deforestation and degradation.[37] The many exemptions, when coupled with still-available secondary forest and already-licensed 'land banks' reportedly held by oil palm and other companies, leads to the conclusion that the moratorium holds limited potential to constrain business as usual forest conversion.[38] And it got considerably worse.

The first indicative moratorium map was issued in May 2011, with revisions to follow every six months for the term of the moratorium. When the first map revision was published in November 2011, it showed a substantial reduction in the area of forest protected by the moratorium, slashing the notionally protected areas to 65.4 Mha.[39] The reductions in the area protected by the moratorium undermined confidence in the GoI's ability to control its forest and land use sectors.

Almost 9.4 Mha, or 61 % of the originally protected peatland, was removed from the indicative moratorium map.[40] Controversy particularly surrounded the exclusion of Rawa Tripa peatland areas in Aceh after the local government issued a license in August 2011 for an oil palm plantation in the area.[41]

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[25] UCS et al, 2011

[26] Murdiyarso et al, 2011

[27] Greenpeace, 2012

[28] Greenpeace, 2012

[29] Secondary forest is defined here as forest with ocular evidence of disturbance, cf. FAO Forestry Department, 2010.

[30] Caldecott et al, 2011

[31] Caldecott et al, 2011

[32] Caldecott et al, 2011

[33] Instruction of the President of the Republic of Indonesia Number 10, 2011

[34] Caldecott et al, 2011

[35] Wells & Paoli, G., 2011

[36] Edwards, Koh & Laurance, 2012

[37] Wells & Paol, 2011

[38] Murdiyarso et al, 2011

[39] Greenpeace, 2012a

[40] Greenpeace, 2012a

[41] The Jakarta Post, 2012

The Medan State Administrative Court later instructed the Aceh Governor to revoke the oil palm concession in the Tripa peat swamp as the 1,605 hectares forest concession was awarded despite the fact that it was clearly part of the moratorium on new forest concessions that had been signed by Indonesia's President only three months earlier.[42]

The second six-monthly review In May 2012 saw the MoF release a new "Indicative Moratorium Map" reportedly totalling 65.3 Mha of natural forests and peatland. [43] The changes were said to include a loss of 125,961 hectares of peatland from the previous map and re-addition of 33,716 hectares from the Rawa Tripa peat swamp in Aceh.[44] Although a large %age of the concession has been cleared and burned.[45]

A fear of the 2011 Gaia review of the LoI 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.[46] Yet another concern 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 coalitions against forest conservation, which has certainly occurred.[47]

Despite many pleas to the GoI and the Indonesian President to make critical additions to the moratorium to ensure it actually delivers emission reductions and creates the desired space for crucial institutional and legal reform, the experience of the first two amendments has led to low expectations that the third six-monthly review (November 2012) would result in the necessary addition of the area of forest and peatland that should be protected under the moratorium.

In May 2013, the moratorium can be lifted. It is unlikely that all the key reforms set out in the LoI will have been completed by that time. Nor is it likely that an accurate assessment of its efficacy can be undertaken as adequate mapping, and monitoring, reporting and verification (MRV) frameworks will likely not be in place.

The moratorium was declared to create the breathing space necessary to accurately assess the state of Indonesia's forests and then to reform and strengthen forest governance, including a solution for land tenure conflicts with local communities. More than a year after its entry into force, the moratorium has yet to fulfil its purpose, and will need to be extended beyond the current two-year term and strengthened by reviewing existing forest and peatland concessions for legality and possible land swaps to low carbon value areas. Rather than being time-bound, the moratorium should be results-based, according to the agreed intent of the LoI.

The essential actions required to strengthen the moratorium are:

- The inclusion of all forests under the moratorium;
- An independently verified legal review of existing concessions and licenses;
- A map of degraded lands (i.e. non-High Carbon Stock (HCS) land[48]- see section 7 'Institutions, laws, plans and policies');
- The completion of an effective land swap process for legal concessions in forest and peatland to low carbon value areas, unencumbered with social, environmental or economic concerns;
- The legal gazetting of uncertain land tenure, including the amicable settlement of indigenous land claims and disputes, and entrenching indigenous land rights into Indonesian law;
- Harmonisation of existing land use and forestry laws; and
- Establishment of a set of environmental and social criteria for analysing the LoI achievements for the results-based approach.

[42] Lang, 2012

[43] The Jakarta Post, 2012

[44] The Jakarta Post, 2012

[45] Lang, 2012a

[46] Caldecott et al, 2011

[47] Caldecott et al, 2011

[48] Golden Agri Resources and SMART, June 2012 provides a detailed explanation of the methodology Golden Agri Resources (GAR) has developed to identify HSC land and reach no deforestation in its palm oil operations.

4. Central Kalimantan Pilot

Central Kalimantan was selected as the first pilot province under the partnership with Norway. The Province was to develop a subnational REDD+ policy within the context of Indonesia's own national REDD+ strategy, adapting policy developed in Jakarta to local conditions. The focus of the pilot was REDD+ MRV activities.[49]

The Provincial Government had in place a REDD+ Regional Commission and a Regional Council on Climate Change even before it was selected as a pilot province, but these were criticised for being ineffective in efforts to implement REDD+.[50] The Governor has recently issued a decree on a regional strategy for REDD+ implementation, but as yet no MRV system has been established.[51] However, the pilot was undermined from the start as shortly after the Presidential Instruction was issued identifying the pilot project, over 1 Mha of forest were reported to be released for development by a MoF decree.[52]

The 2010 NORAD review of the LoI stated that while the process used to select Central Kalimantan as the first pilot province was broadly consistent with the requirements of the LoI/JCN, it did not comply with the LoI's emphasis on emission reductions from reduced deforestation.[53] The 2010 review went on to say that the province offers potentially significant emission reductions from peatland protection and encapsulates many of the issues most relevant to the REDD+ process in Indonesia, including serious problems with spatial planning and densely-committed concessions for logging, mining, plantations and REDD pilot projects.[54]

Despite a lack of information about public consultations, the Central Kalimantan REDD+ Strategy was released in June 2012,[55] with a plan to increase the planting of industrial timber plantations, but with no plan to develop a conflict resolution mechanism to cope with the existing logging, plantation and mining concessions for which substantial ongoing social conflicts are apparent.

The 2010 NORAD LoI review[56] reported NGO confusion about REDD+'s legal status, both locally and in Jakarta. Lacking a firm legal basis for REDD+, the Province's activities and its REDD+ institutions remain ad hoc.[57] 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.[58]

Cross-scale relationships are also a source of confusion. Unsure about the legal basis of their roles in REDD+ implementation, provincial policy makers do not have the requisite legal authority to address the substantive issues that arise.[59] As regency governments hold considerable authority over land use, provincial government's activities remains focused on specific REDD+ projects, which severely limits the potential learnings and adaptive responses the pilot is meant to provide.[60] While connections between national and provincial policy discussions are relatively common, there are few direct or indirect connections between the village and regency scales and the networks of organisations involved in policy discussion at the provincial scale.[61]

[49] Angelsen et al, 2012
[50] Indrarto et al, 2012
[51] Indrarto et al, 2012
[52] Indrarto et al, 2012
[53] Caldecott et al, 2012
[54] Caldecott et al, 2011
[55] REDD+ Task Force, 2012b
[56] NORAD, 2010
[57] Angelsen et al, 2012
[58] Caldecott et al, 2011
[59] Angelsen et al, 2012
[60] Angelsen et al, 2012
[61] Angelsen et al, 2012

5. Emissions, deforestation and forest degradation

Emissions

Annual estimates of Indonesian GHG emissions vary significantly, in part due to very large differences in inter-annual variation of emissions from peat. For example, Van der Werf (2008) estimated that fire related peat emissions were 30 times greater in El Niño years than La Niña years. Nevertheless, higher rates of forest loss make larger areas of peatland vulnerable to fire in drought years.[62]

Indonesia's Second National Communication under the UNFCCC[63] estimated that in 2000, Land Use, Land Use Change and Forestry (LULUCF) emissions were about 0.82 billion metric tonnes of carbon dioxide equivalent (Gt CO_2e) and average net annual LULUCF emissions between 2000 and 2004 were about 1.3 $GtCO_2e$. A study in 2008 suggested annual emissions from LULUCF reached 2.4 Gt CO_2e which assumed 53 %, or 1.27 $GtCO_2e$, from peat.[64]

Although much work still remains to be done to establish a credible national reference level, in 2009, at the G20 meeting in Pittsburgh, President Yudhoyono announced Indonesia's own GHG emissions reduction targets of 26 %, or 41 % with international support. These were later proposed to be based on 2000 level emissions[65]. For this, a Business-As-Usual (BAU) estimate of 2.95 Gt CO_2e (including 1.5 Gt from the forest sector) in 2020, was cited, and this has been serving as an interim national reference level in various documents since then.[66] The BAU baseline was set at 1.33 Gt CO_2/year from peat and forest land use change in Indonesia for 2010-2029.[67]

Deforestation and degradation

Unfortunately, deforestation rates in Indonesia are hard to obtain and on the basis of existing datasets, it is difficult to identify trends. Data on deforestation released by the MoF is either contradictory[68] or cannot be verified[69].

Deforestation is largely driven by the conversion of forest land to plantations, particularly for oil palms by large enterprises and smallholders, and for pulpwood trees by large companies, while mining is an additional factor.

The area of land given over to oil palm plantations increased seven-fold from 1.1 Mha in 1990 to 7.8 Mha hectares in 2010.[70] With land availability in the current oil palm centres of Kalimantan and Sumatra becoming more limited, expansion is planned for Papua. The GoI has issued a number of regulations and policies to accelerate this programme.[71]

For example, the GoI plans to double its current annual crude palm oil production of 23 Mha over the next decade, through intensification and by developing an additional 4 Mha of oil palm plantation estates.[72] There is concern that new expansion will target secondary forests, which are exempt from the forest conversion moratorium,[73] rather than truly degraded land. While new investments are being discussed to work in partnership with local communities through outgrower schemes,[74] questions remain about their value and effectiveness.[75]

Government planners estimate that over the next two decades at least 2 Mha of new land will be needed to grow food for Indonesia's growing population.[76] Early indications show that food estate investments are targeting

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[62] Van der Werf et al, 2008

[63] Ministry of Environment, 2010

[64] World Bank, 2008.

[65] Ministry of Environment, 2010

[66] NORAD, 2010

[67] NORAD, 2010

[68] Compare, e.g., the annual forest statistics released by MoF (on http://www.dephut.go.id/) with MoF data provided to the FAO (http://www.fao.org/forestry/sofo/en/)

[69] MoF data provided visually (on http://nfms.dephut.go.id/monitoring/) with raw data not provided.

[70] Sheil et al, 2009

[71] Indrarto et al, 2012

[72] Kongsager & Reenberg, 2012

[73] Boucher et al, 2011; Colchester & Chao, 2011.

[74] Outgrower schemes, also known as plasma schemes or contract farming, are broadly defined as binding arrangements through which a firm ensures its supply of agricultural products by individual or groups of farmers.

[75] McCarthy, 2010

[76] The Jakarta Post, 2010

significant areas of forested lands.[77] As noted above, the food and energy estates are currently exempt from the moratorium. This is likely to weaken the income and food security of forest-dependent peoples, cause resistance and conflict and contribute to increased levels of GHG emissions in Indonesia.[78]

According to baseline and mitigation scenarios prepared by a Ministry of Forestry Working Group for the 16 years from 2009 to 2025, if the government fails to address the causes of deforestation and degradation, then planned deforestation will exceed 10 Mha by 2025, and unplanned deforestation almost 9 Mha.[79] Degradation caused by legal harvesting will exceed 21 Mha and illegal exploitation over 29.5 Mha.[80]

In 2010, Greenpeace identified plans by the relevant ministries to develop 28 Mha of timber plantations (including pulpwood), 9 Mha of oil palm plantations, 9 Mha for agrofuel crops (including palm oil) as well as the conversion of 13 Mha of land agricultural purposes and the use of 4 Mha for mining.[81]

Despite this planned and unplanned deforestation, it is reported that Indonesia has sufficient cogon grassland[82] and cleared, unplanted plantation leases to accommodate its projected doubling of palm oil output over the next 10 years.[83]

The GoI continues to encourage deforestation by designating vast tracts of forested land for conversion to plantation agriculture with long-term leases to a small group of influential individuals on very favorable terms.[84]

In April 2011, Indonesia's MoF announced large new investments in the pulp and timber plantation sector. The projected investments include seven new pulp mills, with a capacity of nearly 5 million tonnes and nearly 2 Mha of new timber plantations, at an overall cost of US$ 14 billion. These investments are likely to result in major carbon emissions.[85] While these targets may be ambitious, the existing pulp and paper mills have continued to expand their capacity and, as of 2010, relied on natural forests for half of their raw material needs.[86]

Yet, at the same time, in May 2012, Forestry Minister Zulkifli claimed that the Indonesian deforestation rate had been slashed to 450,000 hectares a year in 2009–2011 from 830,000 hectares a year in the previous three years.[87] The relevant datasets have, however, not been made publicly available by the MoF and therefore, these figures cannot be verified.

In the second revision of the moratorium map, the entire area of primary forest and peatland protected under the moratorium, but under existing concessions, in Indonesia totals 4.9 Mha.[88]

An essential activity set out in the LoI to avoid deforestation and degradation was to establish a credible degraded lands database to facilitate the establishment of economic activity on such lands rather than converted peatland or natural forests and implement a 'land swap' for existing concessions in a way that equitably resolves land tenure issues. To date these essential activities remain outstanding.

REDD+ is a simple concept that has been complicated by obscure definitions and the need to measure, report and verify emission reductions from reduced deforestation and degradation. While forest mapping in Indonesia is yet to achieve the level required to credibly identify deforestation and degradation rates for performance payments, remote sensing has the ability to rapidly identify these forest impacts within acceptable levels of error.

It is essential that Indonesia be provided with financial incentives to continue to reduce its deforestation and degradation rates, but whether a robust MRV framework can be in place by 2014, when such payments are to flow,

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[77] Colchester & Chao, 2011

[78] Angelsen et al, 2012

[79] Indrarto et al, 2012

[80] Indrarto et al, 2012

[81] Greenpeace, 2010

[82] Estimates for invasive grass in Indonesia range from 8.5 million hectares (Garrity et al., 1995) to over 64 million hectares (Suryanta and McIntosh, 1980), in Macdonald, 2007.

[83] Boucher et al, 2011

[84] Boucher et al, 2011

[85] Angelsen et al, 2012

[86] IWGFF in Angelsen et al, 2012

[87] The Jakarta Post, 2012

[88] Greenpeace, 2012b

remains in question. It may therefore be of value, and as an interim measure, to provide financial incentives based on carbon surrogates such as the stratified forest criteria being developed by Golden Agri Resources (GAR) and SMART as discussed below.[89]

6. Social safeguards and co-benefits

The LoI was criticised for its weak approach to social and environmental safeguards objectives. A great deal of deforestation and forest degradation occurs illegally or semi-legally and often takes place on state or government owned land where there is weak enforcement of land rights.[90] Thus, stronger law enforcement, the clarification of tenure rights and agricultural intensification will be required before performance-based mechanisms will be viable.

In early 2011, the MoF completed research showing that there are more than 25,000 officially recognised villages within the forest zones of Indonesia[91], estimated to include more than 50 million people. [92] Although it is only a research paper, official acknowledgement that communities live in forest zones is a step forward for the government. Human rights and community support groups hope to turn this acknowledgement into positive steps to legally recognise the rights of those communities to manage their customary forests.[93] If international donor support and institutions can be made to fully respect human rights both on paper and in practice, Indonesia's commitment to reduce emissions from deforestation may have the potential to lead to greater livelihood security and poverty reduction for tens of millions of Indonesia's rural poor.[94]

A statement in July 2011 by Presidential adviser Kuntoro Mangkusubroto stated that Indonesia would address the issue of customary land rights by implementing a decade-old land law recognising the rights of forest communities[95] was also welcomed by Indigenous rights groups.[96] Kuntoro also committed to develop a land tenure map identifying the location and size of forests and how they are used, as well as defining the legal status of the country's vast forested areas.[97] Although the call for reform has come from a high level, there are many layers of government and many other powerful stakeholders who have resisted all such reforms in the past.[98]

For example, in 2011, some 40 pilot projects and demonstration activities for REDD+ were under development in Indonesia, but none were reported to have completed negotiations with affected indigenous peoples and local communities.[99] Most are still in the early stages of discussion with affected communities on potential benefits and costs, even though permits for REDD+ projects are already being issued by national and provincial governments.[100]

Benefit sharing

Multiple processes of defining benefit sharing mechanisms are underway in Indonesia, although the legality of the arrangements being proposed is not clear.[101] The fact that many REDD+ projects are operating in insecure legal and policy frameworks means that existing benefit sharing arrangements could be subject to upheaval once the national level policy is formalised.[102]

The REDD+ benefit sharing regulation developed by the MoF has been challenged by the Ministry of Finance, which contends that the MoF does not have the legal authority to make fiscal decisions.[103] At the same time, the REDD+ Task Force is developing parallel proposals for benefit sharing.[104]

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[89] Golden Agri Resources and SMART, 2012
[90] Angelsen et al , 2012
[91] FPP, PUSAKA, HUMA, 2011
[92] FPP, PUSAKA, HUMA, 2011
[93] FPP, PUSAKA, HUMA, 2011
[94] Angelsen et al , 2012
[95] Lang C., 2012c
[96] The Jakarta Globe, 2011
[97] The Jakarta Globe, 2011
[98] Lang, C., 2012c
[99] FPP, PUSAKA, HUMA, 2011
[100] FPP, PUSAKA, HUMA, 2011
[101] Angelsen et al, 2012
[102] Angelsen et al, 2012
[103] Angelsen et al, 2012
[104] Angelsen et al, 2012

Table: Proposed distribution of REDD benefits amongst main stakeholders[105]

Permit type or holder	Government	Community	Developer
1. Timber License – natural forest	20%	20%	60%
2. Timber License - plantation	20%	20%	60%
3. License for Ecosystem Restoration	20%	20%	60%
4. Timber License – community plantation	20%	50%	30%
5. Community Forest (private ownership)	10%	70%	20%
6. Hutan Kemasyarakatan (collective)	20%	50%	30%
7. Adat Forest	10%	70%	20%
8. Village Forest	20%	50%	30%
9. Forest Management Unit	30%	20%	50%
10. Special Purpose Forest	50%	20%	30%
11. Protected Forest	50%	20%	30%

In Indonesia, there are 51 forest carbon projects, of which seven appear to be exclusively engaged in Afforestation/Reforestation. The other 44 (many in Kalimantan) involve some combination of reduced deforestation, reduced degradation, restoration, reforestation and forest management.[106]

A number of these REDD+ projects have benefit sharing mechanisms that were developed before national policies on carbon rights had been clarified. Lacking that clarity, many forest actors assume that existing land and forest tenure, and current policy instruments for sharing benefits from the forests, will serve as the basis for allocating payments for carbon emission reductions.[107]

Free, Prior and Informed Consent (FPIC)

In March 2011, the National Forestry Council, a multistakeholder advisory body to the MoF, released recommendations on FPIC and REDD+ with input from indigenous peoples.[108] Although the MoF does not have to follow the Council's recommendations, indigenous rights NGOs suggest that pressure and precedents are building which will require REDD+ projects to respect the right of communities to give or withhold their consent to planned REDD+ developments that could potentially affect areas they use and depend upon.[109]

The Presidential Task Force on REDD+ has developed a draft national REDD+ strategy which also includes FPIC as a right of local communities that REDD+ project developers must respect.[110]

7. Institutions, laws, plans and policies

Legal review and land swaps

A policy and legal framework is needed for a credible and comprehensive review of all existing concessions to determine their underlying legality and compliance with forest management rules. The 2011 LoI review recommended that the REDD+ Task Force or its successor, an independent REDD+ Agency, should undertake such a process.[111]

Licenses for concessions on high carbon stock landscapes found to have been issued in breach of existing laws should be revoked and added to the moratorium, and those found lawful should be prioritised for land swaps to lower carbon stock or degraded land unencumbered by legal, social, environmental and economic issues.

The 2011 LoI review recommended an amnesty be offered to concession holders who think that they may have an illegal concession and who come forward. These areas should be returned without penalty and any returned

[105] MoF Regulation 36/2009 in NORAD, 2010
[106] Angelsen et al, 2012
[107] Cotula & Mayers, 2009
[108] FPP, PUSAKA, HUMA, 2011
[109] FPP, PUSAKA, HUMA, 2011
[110] FPP, PUSAKA, HUMA, 2011
[111] Caldecott et al, 2011

concessions could also be compensated with lower carbon stock or degraded land unencumbered by legal, social, environmental and economic issues.[112]

Apart from such encumbrances, another important factor is that knowledge of the size, distribution and condition of degraded lands is still too unreliable to allow for certainty that such land swaps are possible in practice.[113] Clarification of the degraded land situation in the Indonesia is essential to enable effective, efficient and equitable REDD+ in Indonesia.

REDD+ Task Force/ REDD+ Agency

The REDD+ Task Force was created under the LoI/JCN as a foundation and to define the scope of the REDD+ Agency through a multi-stakeholder process. The mandate of the Task Force was to establish the National REDD+ Agency with a broader mandate. That mandate includes a high level structure, organisation design, and key internal processes through consultation with relevant stakeholders to ensure the development of a National REDD+ strategy, set up a funding instrument and an independent MRV system and develop the selection criteria and strategy for implementation in pilot provinces.

The Task Force has made progress in the face of significant opposition within the GoI and from the powerful business lobby. However, while the REDD+ Strategy was released in June 2012,[114] much of the remaining work of the Task Force remains outstanding and the REDD+ Agency has not as yet been instituted.

The 2011 LoI review stated that "Key internal processes of the Task Force are consistent with those outlined by the LoI/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".[115] The Task Force was seen by the review team as energetic and efficient, but an increased investment in dialogue processes in the regions would be worthwhile, particularly in the pilot provinces.

The Agency was to have been responsible for leading the design, oversight, and 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 institutionalised MRV of safeguards, and strengthening local institutions for implementation.

In February 2012, Chairman of REDD+ Task Force Kuntoro Mangkusubroto, stated that the REDD+ Agency would be set up at the ministerial level and report directly to the president and will be established by the end of 2012, with the recently extended task force only functioning until then. A financing agency, which will be independent and not associated with any ministry, will also be established by then.[116]

However, the Task Force was still reviewing alternatives before a decision was made on its form. One option is for the Agency to be attached to the MoF and another is to have it separated. The Task Force Chair stated that "as many in the forestry sector are the source of the problem, the agency should be separated so it remains neutral and independent."[117]

Government coordination

At present, decisions to license concessions are a complex tangle, with decisions spread across several different ministries with overlapping interests at national, provincial and local levels of government. Clarifying the lines of responsibility and land tenure are critical for REDD+ initiatives. Only with support across these different levels of government can it be guaranteed that carbon stores will be saved over the long-term.[118]

Coordination among ministries that are otherwise closely related is inadequate for the substantive REDD+ enabling activities to progress under the LoI. While forest management in Indonesia essentially falls under the jurisdiction of the MoF, the underlying drivers of deforestation often relate to the Ministries of Agriculture, Mining and Energy, Trade, Finance and Development. To date, there has been limited success in establishing cross-sectoral

[112] Caldecott et al, 2011

[113] Caldecott et al, 2011

[114] Indonesian REDD+ Task Force, 2012a

[115] Caldecott et al, 2011

[116] Zuhri & Paripurna, 2012

[117] Zuhri & Paripurna, 2012

[118] Edwards, Koh & Laurance, 2012

coordinating structures and institutions: they exist, but either remain ineffective or encounter 'resistance' from sectoral ministries.[119]

One stark example of this lack of coordination are the differing definitions of peatland used by the Ministry of Environment, the MoF and the REDD+ Task Force[120].

State forest land tenure certainty

Over 70 % of Indonesia's land is assigned as state forest areas (kawasan hutan) and controlled by the MoF and must be gazetted as such. To date, only around 10 % has been gazetted, with the result that multiple interpretations of the laws are applied.[121]

Tenure certainty is essential for REDD+ in Indonesia and one of the most pressing issues to be resolved. In Central Kalimantan, for instance, the Integrated Team found no less than 5 Mha of concessions in state forests without appropriate permits from the MoF.[122]

Although officially state lands, many of these areas are inhabited by local and indigenous peoples claiming customary rights, or have been allocated for large development activities, including oil palm plantations. Uncertain and unclear tenure has been counterproductive in promoting responsible forest management.[123] The resulting lack of legal certainty of state forest land results in inconsistencies, contradictions and encourages corrupt practices as multiple legal frameworks create opportunities for rent-seeking behaviour. With REDD+ introducing a new value for forests, and another layer of additional claims to land by various groups of actors, the need to clarify land tenure and legal frameworks to improve land use planning is now even greater.[124]

With the introduction of REDD+ in Indonesia, a shift has resulted that has encouraged the maintenance or increasing control over land by governments and the private sector. The shift to a focus on REDD+ performance payments from the former value of converting forest continues to lead to the exclusion of traditional communities from their land.

Decentralisation of REDD+ planning and implementation

The way in which the decentralisation process has taken shape has involved a considerable degree of uncertainty and contradiction. For example, local autonomy is often interpreted as if there were no hierarchical linkages between levels of government.[125] As a result, many local regulations conflict with higher-level policies and laws, while increased decision-making powers and the quest for locally generated revenues have led to indiscriminate licensing for inappropriate forest conversion.[126] Weak local governments are often characterised by non-transparent decision-making processes, incidences of corruption involving local leaders, poor law enforcement and ineffective accountability mechanisms.[127]

Fires

Indonesia still lacks a comprehensive system for managing forest fires, despite government regulations prohibiting the use of fire to clear land.

The government has established the Forest and Land Fire Management Centre (Pusdalkarhutla) and the Forest and Land Fire Management Unit (Satlakdalkarhutla), as well as a national coordination team for managing forest and land fires. Nevertheless, forest and land fires continue to be a problem every year, particularly in the provinces of Riau, West Kalimantan, Jambi and Central Kalimantan, partly because of non-existent or inadequate prevention plans, systematic management plans, human resources, budgets and equipment.[128]

[119] Indrarto et al, 2012

[120] Indonesia Climate Change Center (ICCC), 2012

[121] Indrarto et al, 2012

[122] Indrarto et al, 2012

[123] Indrarto et al, 2012

[124] Indrarto et al, 2012

[125] Indrarto et al, 2012

[126] Indrarto et al, 2012

[127] Indrarto et al, 2012

[128] Indrarto et al, 2012

Monitoring, reporting and verification (MRV)

A draft strategy and implementation plan of REDD+ and MRV has been prepared[129], which sets out the scope, institutional arrangements, coordination and implementation of MRV activities in Indonesia. It draws on lessons learned from Brazil, Australia, India, Norway, United States and Indonesia and provides a roadmap for MRV implementation.

The Indonesian REDD+ National Strategy[130] states that a national level MRV system conforming to IPCC Tier 2 or better will not be delivered until the end of 2014.[131]

The main problem in establishing a national MRV system is the lack of political will and up-to-date, harmonised and centralised spatial data on land uses, such as forestry/mining/agriculture concessions, conservation areas and economic development zones.

However, steps have been taken to increase data transparency and to harmonise land use maps across provinces and sectors.[132]

A considerable amount of work is yet to be done to provide up-to-date maps and improve transparency to show protected and unprotected areas, including degraded lands. Technically sound, legally accurate, and up-to-date spatial data, including license and permit data should be independently reviewed and continuously improved,[133] for example through the 'one map' initiative[134] under the coordination the REDD+ Task Force. Without such data, it is impossible for the government to enforce the moratorium and for the private sector to invest in areas that will not replace forests or peatlands.

In Kapuas district, Central Kalimantan, a REDD+ model district, spatial data reconciliation has become part of the REDD+ strategy.[135] A multiagency initiative, the Indonesian National Carbon Accounting System (INCAS), is establishing methods for national carbon accounting. It complies with IPCC requirements, contributing to reliable and standardised data. However, action to centralise data currently housed in various agencies is still limited.[136]

Nevertheless, no matter how robust and credible a spatial data set may be, it is of little value in improving the REDD+ enabling environment if that data is not freely available to the public. Maintaining the secrecy of data leads to mistrust, confusion and lack of rigour. Openly available data can be scrutinised and harmonised by those stakeholders most interested in seeking a successful outcome to REDD+ in Indonesia.

8. Land-swap process proposals

Under the LoI, Indonesia agreed to draw up a degraded-lands database to assist efforts and to help minimise conflicts with any existing landholders. Should vast areas of secondary forest be included in this database, as the Presidential Instruction[137] indicates, it would represent a severe blow for carbon and biodiversity conservation. It could also undermine the very spirit of the LoI to reduce emissions from forest conversion. Rather than clearing its secondary forests, Indonesia has ample opportunity to expand agriculture onto abandoned lands that lack natural forests, such as its' extensive Imperata grasslands.[138]

Reducing GHG emissions from deforestation and degradation, while maintaining the Indonesian government's National Medium Term Development Plan's objective to achieve sustained economic growth of 7%[139], will require innovation and flexibility from Indonesian governments and institutions.

One study[140] indicates that Central Kalimantan could, in theory, double its oil palm production without causing further deforestation by:

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[129] Indonesian REDD+ Task Force, 2012b
[130] Indonesian REDD+ Task Force, 2012a
[131] Indonesian REDD+ Task Force, 2012
[132] Angelsen et al, 2012
[133] WRI, 2012
[134] Indonesian REDD+ Task Force, 2012c.
[135] Angelsen et al, 2012
[136] Angelsen et al, 2012
[137] Instruction of the President of Indonesia Number 10, 2011
[138] Koh & Gazhoul, 2010
[139] Bappenas, 2009

- Revising the province's current land use plan to commit currently vulnerable forests to conservation status;
- Encouraging agricultural expansion onto low carbon or degraded land; and
- Smallholder yield improvement.

The study highlighted the inadequacy of the moratorium and its impact, and compared it with one that included additional forest and peat. For example, a moratorium that included only primary/intact forests would protect about 9 Mha of land across Kalimantan and 7 billion tonnes of biomass and peat carbon.[141] In comparison, if secondary forests are also included in the moratorium, the total Kalimantan land area under protection would double to almost 19 Mha, and almost 10 billion tonnes of biomass and peat carbon would be protected. Not surprisingly, the inclusion of secondary forests in the moratorium would raise opportunity costs from about US$ 132.3 billion to about US$ 226 billion over the 25-year timeframe.[142]

The study also demonstrates that increasing smallholder yields through the public provision of access to milling capacityand low-interest loans would enhance rural development and could be supplemented, protecting a further 232,000 hectares of forest.[143]

Identifying degraded lands to enable development that does not impact on emissions or forests carries risk that high carbon secondary forests will be included, increasing GHG emissions and undermining additionality.[144] The MoF claims that a total of about 35 Mha of degraded land has been identified, while Bappenas suspects that the true figure is close to 70 Mha and unreliably mapped.[145]

An appropriate High Carbon Stock (HCS) approach that is additional to a robust High Conservation Value (HCV) assessment can be used as a proxy for identifying degraded land that was previously forest. Criteria for degraded lands should include the identification of HCS forests and peatland. HCS forest is above the level (threshold) between natural regenerating secondary forest and degraded lands that have the vegetation of young scrub or grassland. The HCS approach effectively combines both biodiversity and carbon conservation through the goal of conserving ecologically viable areas of natural forest.[146] Potential HCS forest is first identified and then an HCS forest conservation process that considers forest patch size, shape, connectivity and threats is completed to ensure viable forest areas are conserved.

Palm oil company, GAR, with the support of Tropical Forest Trust (TFT) and Greenpeace, developed a methodology to stratify vegetation cover into different classes in undeveloped areas in Kalimantan, with a provisional carbon threshold of 35tC/ha (of above ground biomass in trees >=5cm DBH) as the mid- point between the strata regenerating forest/old scrub (BT) and young scrub (BM).[147] GAR intends to use this approach to identify areas for conservation when establishing oil palm plantations and thus avoid deforestation and GHG emissions.

The experience up until now of Indonesia's implementation and interpretation of the LoI has raised transparency as a major challenge. A process that engenders confidence in the results of any land swap will require significant stakeholder involvement and openness and transparency with spatial data.

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[140] Koh et al, 2011

[141] Koh et al, 2011

[142] Koh et al, 2011

[143] Koh et al, 2011

[144] Additionality of GHG emission generated by mitigation activities, cf. Streck, 2010

[145] Caldecott et al, 2011[145] Angelsen et al, 2012

[145] Instruction of the President of Indonesia Number 10, 2011

[145] Koh & Gazhoul, 2010

[145] Bappenas, 2009

[145] Koh et al, 2011

[145] Koh et al, 2011

[145] Koh et al, 2011

[145] Koh et al, 2011

[145] Additionality of GHG emission generated by mitigation activities, cf. Streck, 2010

[145] Caldecott et al,

[146] Golden Agri Resources and SMART, 2012

[147] Golden Agri Resources and SMART, 2012

Land swaps for enhancing emissions reductions from Indonesia's forests while maintaining economic development will differ in their capacity to reduce emissions, costs, likelihood of success and levels of leakage. It is challenging or impossible to assess these factors in order to make smart decisions over land swaps to get the greatest emission reductions, while allowing for the expansion of industry in areas of least carbon value. There is therefore a role for decision frameworks and tools that can aid decisions for how best to maximise emission reduction benefits, while minimising its cost.

A Greenpeace commissioned report in 2009, identified MARXAN, an open source computer software designed to enable rational decision making over large areas incorporating complex Geographic Information System (GIS) datasets, as a good potential tool for effectively progressing REDD+ in Indonesia.[148]

Conservation science and implementation has for decades been developing decision theory to inform how best to protect species, ecosystems and other features from the threats they face.[149] This field is generally known as systematic conservation planning and has become best practice among conservation practitioners because it allows a transparent, inclusive and defensible decision framework.[150]

The underlying science and associated decision support tools continue to be the subject of extensive peer review, featuring in hundreds of peer reviewed journal articles and books and discussed at national and international scientific conferences.[151]

Spatial systematic conservation planning involves analyses of quantitative spatial data on biological, economic and social factors intervention incorporated with decision-making software in conjunction with GIS to identify priority locations for conservation. Such planning can be used for fire management, improved capacity to stop illegal logging, improved logging practices, forest restoration and carbon conservation.

Reducing emissions, like other forms of conservation, must compete with other priorities, such as food production, timber extraction and human settlements. Systematic conservation planning recognises that because of such constraints, highly efficient conservation is necessary. To this end, systematic spatial conservation planning usually works by setting quantitative targets and determining how best to meet those targets at the lowest costs.[152] Incorporating costs into the planning process not only makes implementation more efficient, but increases the chances of success by minimising conflict with other stakeholders.[153]

Because of its focus on efficiency, ability to incorporate socio-economic concerns, multiple strategies, multiple goals and landscape configurations, systematic spatial conservation planning can play a useful role in informing decisions on how and where to implement REDD in Indonesia. When used in conjunction with a multi-stakeholder led planning process including experts with local knowledge and adequate robust spatial data, systematic conservation planning can be the most efficient and effective way of identifying least cost and least conflict options.[154]

A systematic spatial conservation planning process that includes all relevant stakeholders could, if the requisite spatial data was available, provide an avenue for open and transparent land swaps and cost effective REDD+ in Indonesia.

9. Conclusion

The Partnership between Norway and Indonesia is prompting positive steps towards the simplification of land-use planning regulations, tackling corruption and illegal destruction of forest habitats, and protecting primary forests and deep, carbon-rich peatlands. However, the progress is slow and the moratorium on new concession licensing has set some disturbing precedents.

As presently deployed, the moratorium does too little to conserve forests that are not on deep peat, and fails entirely to protect vast expanses of secondary forest. All forests and all forest conversion for industrial-scale exploitation should be under the moratorium.

[148] Ventor, Wilson & Iwamura, 2009
[149] Margules & Pressy, 2000
[150] Game & Grantham, 2008
[151] Moilanen et al, 2008 and 2009
[152] Ventor, Wilson & Iwamura, 2009
[153] Ventor, Wilson & Iwamura, 2009
[154] Ventor, Wilson & Iwamura, 2009

Without protecting these HCS and HCV lands, Indonesia is unlikely to capture anything close to the potential financial benefits of its landmark agreement with Norway and subsequent REDD+ performance payments and may contravene additionality tests.

While building capacity for Indonesia to reduce emissions from deforestation and forest degradation, the LoI process is having an important educational impact, and has brought forward 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. The Norway-Indonesia Partnership is therefore helping to transform many processes and relationships, which could have beneficial impacts on national circumstances and the fate of Indonesian ecosystems and peoples.[155]

Despite these positive outcomes, significant improvements to institutional arrangements and increased urgency are needed to ensure Phase 3 contributions for emission reductions can proceed. The moratorium therefore needs to be strengthened to enable reforms and essential actions such as the establishment of a credible degraded lands database, national MRV and the REDD+ Agency to be developed unimpeded, as well as extended beyond its May 2013 deadline.

The failure of Indonesia to implement all the actions agreed to in the LoI for Phase 2, and the uncertainty of its legal status, must be addressed before performance payments start to flow. But the failings of the GoI should not be seen as a failure of the Partnership. Rather, it should be seen as a consequence of increasing national ownership of REDD+ by a young democracy still grappling with a legacy of inadequate governance, intergovernmental coordination and regulatory oversight and harmonised land use laws. As such, a recalibration of expectations is required and a redoubling of effort and assistance to ensure the continuation of important REDD+ enabling reforms occur in Indonesia.

Norway's partnership with Indonesia shows that innovative governance and disbursement mechanisms require long lead times, which may have been underestimated. Even when countries administer funds by proven and professional local institutions, the novelty of REDD+ and its need for new actors and performance metrics are likely to cause delays and frustrate expectations.[156]

The following recommendations are seen by Greenpeace as necessary improvements to the current LoI, moratorium and pilots that we believe will enhance the REDD+ capacity of Indonesia to engage in meaningful emission reductions.

Recommendations

Moratorium

- Extend the term of the moratorium to ensure all key reforms of Phase 2 are successfully completed;
- Extend the scope of the moratorium to prohibit conversion of all forests and all peatlands;
- Enforce the moratorium and ensure that new oil palm and pulp plantations are developed on non-forest lands;
- The moratorium should only be lifted gradually, on a case by case basis, according to achievements such as concrete actions taken to protect forests and secure sustainable and rights-based forest management, rather than a pre-set time frame;

Land use planning, legal reviews and land swaps

- Undertake a credible, third party verified legal review of plantation, logging and mining concessions containing significant forest cover or located on peat, and cancel any found illegal. If the legal standing of these concessions is sound, the government should offer land swaps and tax incentives in order to exclude forested lands from them. Similar incentives should be used to support the intensification of production of crude palm oil on existing plantations, rather than promoting their expansion;
- Support a spatial REDD+ conservation planning process that is stakeholder driven in suitable pilot provinces to road test the model for wider implementation;
- Clarify land tenure and align legal frameworks;
- Clarify ownership and legal rights to benefit from carbon;
- Secure effective redress and dispute resolution mechanisms;

[155] Caldecott et al, 2011

[156] Angelsen et al, 2012

- Ensure participatory land use planning that accommodates Indonesia's sustainable development objectives, resolves conflicts and protects biodiversity;
- Provide technical assistance to support work in the pilot provinces to revise provincial spatial plans in accordance with the national REDD+ strategy, and link back to the degraded lands database;
- Ensure that the database incorporates data on the economic, social and legal status of land units;
- Give high priority to clarifying the location, condition and ownership status of degraded lands;
- Introduce a well-coordinated government approach to encourage a land use sectoral focus to REDD+;
- Decentralise processes to encourage regency and local government engagement with provincial and national government processes;
- Utilise simplified forest stratification criteria for baseline performance payments that can serve as a surrogate for carbon values as an interim measure, while full national MRV frameworks are developed.

Safeguards and benefit sharing

- Prioritise the broader development interests of local communities and governments rather than the interests of carbon investors;
- Introduce creative approaches to community-based monitoring;
- Move towards a more direct and explicit approach to ensuring social and environmental safeguards in national policy, strategy and legislation on REDD+;
- Clarify mechanisms through which safeguards are to be upheld and ensure the application of safeguards in the demonstration provinces;
- Provide support for the development of a monitoring system for safeguards;
- Analyse opportunities for providing forest tenure for indigenous peoples and local communities;

Consultation, governance and institutional reform

- Ensure that the new REDD+ Agency is given greater or equal status than other ministries, does not become under the remit of the MoF and that it is impartial and focused on REDD+ and its components;
- Ensure greater emphasis on the quality of processes rather than an exclusive focus on outputs and dates;
- Engage more actively with the Indonesian House of Representatives, to build support through increased understanding among parliamentarians of the strategic advantages of the LoI process for Indonesia;
- Validate and improve indicators by consulting Indonesian government and civil society stakeholders as widely as possible during their development;
- 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 members;

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For more information, contact:
Info.id@greenpeace.org website: www.greenpeace.org (international) – www.greenpeace.or.id (Indonesia)
Greenpeace Southeast Asia – Indonesia, Jl. KH. Abdullah Syafi'ie (Lapangan Roos) No.47,
Tebet Timur – Jakarta 12820. Tel: +62(0)21 83781701 Fax: +62(0)21 83781702

Greenpeace Report-card summarising LoI progress so far

Measured against Key Performance indicators from the Indonesia-Norway Partnership Joint Concept Note (JCN) 12.3.2010

Greenpeace based this assessment on the latest publicly available information and on dialogue with other stakeholders.

PHASE I "PREPARATION": Outputs	Key Performance Indicators (KPIs)	Greenpeace Assessment of progress
Output 1. Presidential decree creating a REDD+ Task Force with the mandate to complete KPI i - v:	i. Establish a National REDD+ Agency;	Not Done: Presidential Decree No.19 2010 (20 .9.10) Established the REDD+ Task Force; Extended by Decree No. 25 2011 (8.9.2011)
	ii. Ensure the development of a National REDD+ strategy;	Done mid-2012 — National REDD+ strategy only decreed by UKP4 whereas it needs a Presidential Decree for it to be implemented nationally by the Ministries.
	iii. Set up a funding instrument;	Not done
	iv. Set up an independent MRV system;	Not done (still ongoing discussion, some crucial (legal) definitions such peat land, degraded land, primary forest/secondary forest is still not clear)
	v. Develop the selection criteria and strategy for implementation in pilot provinces.	Done, only 1 province (Central Kalimantan) identified as pilot. National action plan on reducing GHG identifies Jambi as being the next potential pilot.
2. REDD+ agency's mandate, high level structure, organisation design, and key internal processes are defined as described under output 1 above and through consultation with relevant stakeholders.		Planned end 2012 but without evaluation of output 1 and clear mandate.
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.		Delayed - end 2012 instead of 2011, and the plan leaves many questions unanswered, esp. how this agency will lead to improved forest governance.
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.	1. Moratorium is effective from January 1st 2011, including:	Delayed: Presidential decree was created May 20, 2011.
	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.	Not done. Ownership rights will remain a problem until the Government of Indonesia recognises the rights of indigenous peoples.
	b. Identify implementation policies for how the goals described under output 2 above will be achieved.	Not done - not all new concessions were suspended and existing permits can be extended
	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.	Partially done but with a 5-month delay (May 2011 instead of January 2011). There is no 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.	Not done
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 LoI. The MRV institution will have the following mandates:	1. Existing MRV activities identified and initial assessment on data gaps for the purpose of MRV completed.	Not Done - Documents such as SVLK and Annual concessions plans must be made available to the public.
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.	2. Mandate, organizational structure, member role, and terms of reference for members of the MRV institution developed following consultation with relevant multi-stakeholders.	Not done
b. Providing all relevant and sound data to the public in accordance with Indonesian laws on public disclosure and right to information.	3. A clear plan for establishing an independent MRV institution by 2011.	Not done
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.		
d. Establish and further develop national capabilities to measure and monitor activities affecting forest carbon stocks.		

| The Indonesia - Norway Agreement to reduce greenhouse gas emissions

Outputs and key performance indicators of Phase 1 of the Indonesia-Norway Partnership that started in 26 May 2010 and will end by 31 December 2010. These key performance indicators will constitute the benchmarks for assessments by the Independent Review Group.

PHASE I "PREPARATION": Outputs	Key Performance Indicators (KPIs)	Greenpeace Assessment of progress
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.	Partially done: Some progress has been made on environmental and social safeguards, where the Ministry of Forestry and the REDD Task Force have their own version. Progress has stalled on the financing instrument because Indonesia and Norway have yet to decide which institution they want to manage the funds.
Output 5: National REDD+ Strategy that addresses key drivers of forest and peat land related emission is completed 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. 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 (masyarakat adat), local communities, Indonesian universities, the private sector, civil society, and selected Indonesian and international research institutions. 3. The strategy proposes methods for implementing Free Prior Informed Consent (FPIC) and equitable benefit sharing. 4. Transfer of ownership and responsibility of the National REDD+ strategy from Bappenas to REDD+ Task Force completed.	Done –June 2012. But the National REDD+ strategy was only decreed by UKP4 whereas it needs a Presidential Decree for it to be implemented nationally by the Ministries. Done, although Civil Society Organisations are questioning the inclusiveness of the process. Not done: UN REDD has carried out a REDD FPIC project in Central Sulawesi but the result has not been officially adopted by the Government as the Ministry of Forestry still resists the FPIC concept. Not done: This is unclear as the National REDD+ strategy was only decreed by UKP4 whereas it needs a Presidential Decree for it to be implemented nationally by the Ministries.
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 institutions according to the guidelines and principles for national Indonesian REDD+ effort as described throughout this document and in the LoI. c. Experiment different REDD+ projects for future nation-wide implementation. d. Test and refine newly established institutions (e.g. REDD+ Agency, MRV, Financial Instrument). e. Demonstrate Indonesia-Norway partnership's commitment to address the global climate change challenge.	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 rainforest and faces planned deforestation and forest degradation projects of a scale that will have significant impact on national emissions levels, if implemented.	Done, although not all parties agreed Done, but not in compliance with LoI's emphasis on emission reductions from reduced deforestation, and it hasn't been fully implemented yet . Also, another Government policy on accelerating economic development (e.g. MIFEE in Papua) could potentially result in an increase of emissions and more deforestation in the forested areas, which is inconsistent with the commitment to reduce GHG and LOI.
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 LoI.	1. Terms of Reference of the Joint Consultation Group agreed. 2. The Joint Consultation Group has the aforementioned mandate. 3. One, formal focal point for the implementation of the LoI appointed for the Government of Indonesia and the Government of Norway respectively appointed.	Done Done Done in principle, but in practice, several focal points are responsible for implementation of the LoI.
Output 8: Identifying an Independent Review Group, reporting to the Joint Consultation Group, to carry out annual review on the achievement of deliverables foreseen in agreed key performance indicators.	1. Norway and Indonesia agree on the tender requirements, the criteria and the selection of the appropriate service provider. 2. The appointment of the Independent Review Group is in process following a transparent tender process.	The JCN notes that Outputs 8 & 9 do not require independent review.
Output 9: Designing a communications campaign in order to make REDD+ activities transparent, inclusive, and credible.	1. Design of a comprehensive 1-2 years, national and international, communication and education campaign completed.	The JCN notes that Outputs 8 & 9 do not require independent review.