



REDD+

National Strategy

Indonesian REDD+ Task Force
September 2012



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Foreword



Greenhouse Gases Emissions Reduction through forestry and land use sector or known as Reducing Emission from Deforestation and forest Degradation (REDD+) is a global mechanism in Climate Change Convention that can be applied by developing countries such as Indonesia. For Indonesia, this mechanism is not solely about carbon emission from the forest, it is a fundamental and momentous opportunity and challenge to reform forest and land governance. Implementation of REDD+ requires coordination among land based sectors as well as its various supporting sectors. Strategy to conduct these fundamental changes is elaborated in REDD+ National Strategy which consists of five pillars; (i) Institutions and Processes; (ii) Legal and Regulatory Frameworks; (iii) Strategic Programs; (iv) Paradigm Shift and Changes in Work Culture; and (v) Inclusive Stakeholders Participation.

REDD+ National Strategy provides guidance for the implementation of new ways in forest and land governance as part of low carbon development efforts. This strategy is in line with the national interest that integrates public and private agenda all the way to the local level while at the same time showing Indonesia's concern on global issues. The implementation of this strategy uses phased approach in a way that it does not trigger a shock that may harm the society and national interests. On each phase, some policy adjustments may be required to make it more inclusive and supportive toward transparent implementation. Unresponsive business as usual approach will be gradually shifted toward pro-sustainability paradigm and new work ethics. This commitment requires synergy of all relevant parties to achieve the noble vision of Indonesian REDD+ National Strategy, namely sustainable natural forest and peat lands as national asset to be utilized for the prosperity of the people.

The script of REDD+ National Strategy is prepared through series of multi-stakeholder consultations at both local and national level. This National Strategy will be used as reference to prepare Provincial Strategy and Action Plan for the implementation of REDD+. Community's participation at the local level

is crucial so that community's tenure rights, in particular those of indigenous community, can be identified and acknowledged at early stage. Community's active participation is a pre-condition in implementing REDD+ to ensure REDD+'s activities will deliver real benefits for the people's welfare. REDD+'s action plans at sub-national level through reduction of deforestation and forest degradation, conservation of forest and peat lands, sustainable forest management, and enhancement of forest carbon sink, are all intended to support the sustainability of forest ecosystem services comprehensively and forest economy for the sake of people's prosperity.

I call on all stakeholders to take advantage of the momentum of REDD+ as the new economic incentive to manage natural forest and land resources sustainably. REDD+ National Strategy provides constructive directives for the sub-national development and promotes good forest and land governance, as well as supporting good land tenure governance which are the keys for the conflict resolution and precondition for sustainable and equitable natural resources management. REDD+ is the synergy between economic growth and emission reduction. REDD+ is about people's prosperity. REDD+ is about change.

Jakarta, September 2012

A handwritten signature in black ink, appearing to read 'Kuntoro', with a long horizontal line extending to the left and a large loop at the end.

Kuntoro Mangkusubroto

Chairman of Task Force for the Preparation of REDD+ Agency

CHAPTER 1

Introduction

1.1. Background

REDD+ is a mechanism which provides an economic incentive to encourage developing countries to reduce carbon emissions through sustainable forest management. With more than 130 million hectares of forests covering 70 percent of its land area, Indonesia is a prime candidate to apply REDD+. It is in Indonesia's interests to implement REDD+ programs to reduce substantial emissions from land use including forestry by significantly reducing the rate of deforestation and forest degradation. Indonesia also has an interest in participating in efforts to curb global warming because of its vulnerability to climate change impacts.

REDD+ will be applied within the low carbon and green economy framework to ensure that efforts to mitigate land use-driven climate change are carried out in line with Indonesian policies and need for sustainable development. Indonesia is committed to reducing emissions by 26 percent from the 'Business as Usual' development scenario by 2020 through utilization of its own funds and without sacrificing development in other sectors, or by 41 percent with international assistance. The government expects to accomplish this while aiming for 7 percent annual economic growth. To fulfil this commitment, the government has issued Presidential Regulation 61/2011 concerning the National Action Plan for Reduction of Emissions of Greenhouse Gases and Presidential Regulation 71/2011 concerning the Implementation of a National Greenhouse Gases Inventory. REDD+ supports the achievement of these targets through management of forests, peatlands, and agricultural areas.

1.2. Purpose of the Formulation of the REDD+ National Strategy

The REDD+ National Strategy has been formulated with the following intent:

1. To prepare an effective institutional system to implement the REDD+ program;
2. To provide a basis and direction for integrated governance and regulatory systems to ensure the implementation of the REDD+ scheme;

3. Develop systematic and consolidated processes and approaches to save Indonesia's natural forests and the flora and fauna within them; and
4. Provide a reference for the expansion of investment in the utilization of forests and peatlands for the production of forest and/or agricultural commodities, and the provision of ecosystem services that include the conservation and accumulation of carbon stocks.

1.3. REDD+ National Strategy Document Structure

Chapter 2 details the REDD+ National Strategy, which consists of: (1) Vision, mission, purpose and scope of implementation of REDD+ in Indonesia and its harmonization within the various government plans for handling climate change; and (2) The REDD+ National Strategy Framework and its five pillars: (i) Development of a REDD+ institutional system; (ii) Review and strengthening of policies and regulations; (iii) Launching of strategic programs; (iv) Shifts in paradigms and work culture; and (v) Multi-stakeholder participation.

Chapter 3 provides directions for the implementation of REDD+ strategies by the three new institutions that will be established: The REDD+ Agency, the REDD+ Funding Instrument, and the REDD+ Measurement, Reporting and Verification (MRV) Institution. The overall development of REDD+ support systems mandated under this National Strategy is expected to take 2-3 years, and will be accomplished through the following phases: design, establishment of institutions, development of work support facilities, learning, and capacity building. Full implementation of REDD+ is expected in Indonesia in 2014. The implementation of REDD+ in pilot provinces is detailed in Chapter 3.

Chapter 4 emphasizes the need for a stage-by-stage approach to the implementation of REDD+, with REDD+ not only being applied for the purpose of mitigating climate change while benefiting from the reduction of carbon emissions, but also improving the overall governance of forests in order to sustain ecosystem services including biodiversity and hydrological systems.

CHAPTER 2

REDD+ National Strategy

Indonesia's REDD+ National Strategy consists of:

1. Vision, mission, purpose, scope and the relationship of REDD+ to government programs.
2. REDD+ framework and pillars.

2.1. Vision, Mission, Goals, Scope and Relationship of REDD+ to Other Programs

Vision

Sustainable management of natural forests and peatlands as national natural resource¹ assets to maximize the prosperity of the people.

Mission

To achieve the vision of sustainable management of natural forests and peatlands through an effective governance system by:

1. Enhancing the functioning of forest and peatland management institutions.
2. Improving laws and regulations and strengthening law enforcement.
3. Improving the capacity to manage forest and peatland resources.

Goals

1. Short-term Goal (2012-2014): The strategic improvement of institutions and governance systems, as well as of spatial plans and the investment climate, in order to fulfil Indonesia's commitment to reduce greenhouse gas emissions while maintaining economic growth.
2. Medium-term Goal (2012-2020): The implementation of governance systems in line with policies and procedures developed by forest and peatland

¹ Natural resources, within this context and understanding, are defined as earth, water and air as stipulated in Section 33 of the Indonesian Constitution.

management institutions, and their application to the spatial and financial mechanisms developed and established in the previous phase, to achieve the targeted 26-41 percent reduction in emissions by 2020.

3. Long-term Goal (2012-2030): Indonesia's forests and land areas become a net carbon sink by 2030 as a result of the implementation of appropriate policies for sustaining economic and ecosystem service functions of forests.

Principles

REDD+ implementation in Indonesia is based on five principles: effectiveness, efficiency, fairness, transparency and accountability, the criteria for which are as follows:

1. Effectiveness: REDD+ activities in Indonesia reduce emissions and result in additional real and measurable benefits.
2. Efficiency: REDD+ programs in Indonesia constitute long-term activities that result in optimal financial, ecological, and social benefits.
3. Fairness: REDD+ is implemented on the basis of the principles of equality for all and human rights protection in forest management, including for women and communities vulnerable to socio-economic and environmental change.
4. Transparency: REDD+ activities are undertaken transparently to enable full understanding and opportunity for stakeholders to participate.
5. Accountability: REDD+ implementation is fully accountable to the people of Indonesia and the international community in terms of relevance, process, funding, and results obtained.

Scope

REDD+ programs in Indonesia include the following activities:

1. Decreasing emissions from deforestation
2. Decreasing emissions from forest and/or peatland degradation
3. Preserving and accumulating carbon stocks through:
 - a. Forest conservation
 - b. Sustainable forest management
 - c. Rehabilitation and restoration of damaged areas
4. The creation of additional benefits along with reduced emissions:
 - a. Improvement of local people's welfare
 - b. Improved preservation of biodiversity
 - c. Improved protection for other ecosystem services

In line with Forestry Law 41/2009 sections 1(b) and 1(c), the REDD+ scheme will be implemented in forested lands (including mangroves and peatlands) designated as forest areas or land designated as “other use” areas.

Every REDD+ activity/project/program will be required to measure its performance in all relevant categories of benefits mentioned above, for reporting and verification by an independent institution.

Relationships Between REDD+ and Other Programs

Existing national climate change programs are based on a number of laws and regulations pertaining to spatial planning, forestry and environment. Among these laws are: Law 26/2007 concerning Spatial Planning, Law 41/1999 on Forestry, Law 32/2009 on the Protection and Management of the Environment, Presidential Regulation 61/2011 on the National Action Plan for the Reduction of Greenhouse Gas Emissions, and Presidential Regulation 71/2011 concerning the Inventory of Greenhouse Gases. These regulations mandate the identification of climate change issues and the development of preventative programs for integration into National/Regional Medium-Term Development Plans. Within this context, the REDD+ strategic plan was developed to serve as the government’s main reference to implement forestry and land use climate change policy.

Although the overall framework of climate change policy relies on the three laws mentioned above, REDD+ implementation cannot stand alone, and is influenced by other laws, regulations and policies and on the performance of all land-use sectors. This includes the mainstreaming of REDD+ into the national and sub-national development programs. The REDD+ National Strategy was developed with a thorough understanding of sector and non-sector regulations that have implications on forest and land management, as well as the actual governance and management of forests, peatlands and overall land utilization in Indonesia. To implement REDD+ effectively it is necessary to create conditions conducive to reforming governance and management systems in all land-based sectors. For that reason, the REDD+ National Strategy carries with it the mandate to upgrade and harmonize existing laws and regulations as well as sector and non-sector institutions involved in governance and management of forests and other land-based resources.

The formulation and publication of the *Indonesian Climate Change Sectoral Roadmap* (ICCSR) has taken into account the results of international level negotiations through the UNFCCC. At the national level, it served as a reference for the formulation of the National Action Plan for Reduction of Greenhouse Gas Emissions and the REDD+ National Strategy. The REDD+ National Strategy needs

to be elaborated into the National REDD+ Action Plan for adoption into the Government Work Plan and inclusion into the State Budget to ensure allocation of funds for the implementation of REDD+.

At the regional/provincial level, the National Greenhouse Action Plan is interpreted through Regional Greenhouse Action Plans. Regarding REDD+ in particular, the REDD+ National Strategy and National Greenhouse Action Plan are further elaborated into the Strategy and Action Plan for the Regional Implementation of REDD+, which is to be adopted into Regional Government Work Plans and Regional Budgets.

2.2. REDD+ National Strategy Framework and Pillars

The strategic framework for REDD+ has been developed to facilitate the achievement of the following long-term goals: (i) a reduction of greenhouse gas emissions originating from Land Use, Land-use Change, and Forestry (LULUCF); (ii) an increase in carbon stocks; (iii) improvement the preservation of biodiversity; and (iv) an increase in the value and sustainability of the forest's economic functions. The REDD+ program framework consists of five strategic pillars as illustrated in Graphic 2.1. These inter-related pillars have been designed in such a way as to facilitate the achievement of the REDD+ strategic goals.



Graphic 2.1. REDD+ National Strategy Framework with Five Main Pillars

2.2.1. Development of an Institutional System for REDD+

The institutional system for REDD+ is based on the following principles: good governance; inclusiveness by ensuring the participation of all stakeholders; cost efficiency in achieving goals; and accountability in all REDD+ implementation activities. Three institutions have been formed at the national level: a REDD+ Agency; a REDD+ Funding Instrument; and an agency for coordination, measurement, verification and reporting, referred to as the REDD+ MRV Institution.

At the Sub-National Level, each provincial government may create a REDD+ Institution to organize and implement its Regional REDD+ Strategy and Action Plan, developed from the REDD+ National Strategy. Regional REDD+ Agencies will coordinate the following thematic activities: (i) measurement, reporting and verification of emissions reductions; (ii) assurance of the effectiveness of REDD+ funding; and (iii) periodic reporting on developments in regional programs/projects/activities to the national REDD+ Agency.

Districts also can establish REDD+ institutions to consistently and efficiently coordinate all aspects of district-level REDD+ activities and report results to the provincial level. Data and information collected locally on developments in REDD+ program activities and projects will inform the national REDD+ Agency.

The implementers of REDD+ Programs/Projects/Activities are organizations which have fulfilled specific criteria and procedures to register and implement REDD+ activities with the national REDD+ Agency upon the recommendation of a sub-national REDD+ institution. Groups and bodies as diverse as business entities, civil society organizations, local government institutions, and community groups can function as implementers. The requirements for registration of REDD+ programs/projects/activities are based on principles determined by the national REDD+ Agency and must be in line with local policy and custom.

2.2.1.1. National REDD+ Agency

The national REDD+ Agency will be established by an act of law and will report and be directly accountable to the President. It will be led by an Agency Head whose position will be equal to that of a government minister. The REDD+ Agency will be established for the following purposes:

1. Undertake governance at the national level and coordinate all REDD+ activities in Indonesia;

2. Oversee and accelerate improvements in forest and peatlands governance in order to reduce the rate of deforestation and degradation;
3. Ensure effective funding services and fair benefit distribution for parties running REDD+ programs/projects/activities in accordance with the integrity requirements for REDD+ implementation systems.

REDD+ Agency Mandate

The REDD+ Agency will be mandated to carry out strategic functions within a thematic coordination framework oriented towards influencing existing operational and coordination processes among various ministries and related institutions at national, sub-national and local levels.

1. The REDD+ Agency will be the designated national authority for:
 - a. Preparing the regulatory framework for the implementation of the REDD+ scheme.
 - b. Facilitating the development of the REDD+ program.
 - c. Accelerating improvements in governance over forests and peatlands.
 - d. Facilitating capacity building to ensure fair and equitable distribution of benefits from the REDD+ program.
 - e. Controlling trade in avoided carbon emissions from the REDD+ program
 - f. Facilitating the formation of a REDD+ MRV Institution, legalizing regulatory measures relating to measurement, reporting, verification and certification of emissions reduction, preserving and increasing carbon stocks as well as overseeing implementation.
 - g. Facilitating the formation of a REDD+ Funding Instrument and setting out criteria for performance-based payments.
 - h. Facilitating the formation of a framework and information system for REDD+ safeguards implementation (SIS-REDD+), establishing a Safeguard Committee as well as legalizing and coordinating the implementation of a REDD+ integrity system involving safeguards and audits in the fields of finance, social interaction and the environment.

2. The REDD+ Agency should ensure the effectiveness of thematic coordination among various ministries/institutions and between national and local governments. It should also coordinate the search for resources and troubleshoot and remove bottlenecks due to division of authority among ministries and institutions. This can be achieved through:
 - a. Coordinating and synchronizing policies and programs among central government institutions/sectors, and between the central and regional governments, especially regarding, but not limited to, matters relating to spatial planning and land use permitting.
 - b. Formulating plans and coordinating law enforcement for protection of forests and peatland, especially regarding, but not limited to, illegal logging, land use, and slash-and-burn land clearing.
 - c. Coordinating and supporting the implementation of provincial REDD+ pilot programs by facilitating the development of Provincial Strategy and Action Plans, provision of funds, and fulfilment of preconditions for the implementation of REDD+. In addition, undertaking institutional capacity building, human resource development, and the preparation of operational infrastructure necessary for REDD+ activities. The REDD+ Agency will also support, to a lesser degree, preparations for the implementation of the REDD+ program in provinces in which there are forests with adequate potential for the implementation of the REDD+ program.
 - d. Coordinating the implementation of Presidential Instruction No. 10/2011 concerning the Moratorium on the Provision of New Permits and Improvement of Primary Forests and Peatland Governance that went into effect on May 20, 2011.
 - e. Coordinating efforts to re-align incentive systems to ensure synergy among the REDD+ policies/programs of the central and regional governments. The REDD+ Agency also will coordinate review processes and, when necessary, recommend revisions to the various existing funds transfer mechanisms from the central to regional governments.
 - f. Coordinating the implementation of various forms of authority bestowed upon the regional REDD+ agencies in line with their readiness and capacities.
3. The REDD+ Agency should effectively facilitate strategic communication and the involvement of all stakeholders both in Indonesia and abroad, in the following ways:

- a. Developing and implementing effective communication systems to develop productive work relationships with both domestic and foreign stakeholders.
- b. Coordinating the development of Indonesia's REDD+ policies and positions in preparation for interaction with international fora, including maintaining relationships and good communication and participation in international negotiations.

REDD+ Agency Governance

The REDD+ Agency will carry out a number of different, yet mutually supportive, functions, including:

1. A steering function involving REDD+ policies, planning and implementation
2. An Implementing function which carries out the previously determined mandate.
3. A supervisory function that involves monitoring the implementation of REDD+ programs.

The membership of the REDD+ Agency, including its directors, supervisors and functionaries, will be made up of representatives from government ministries and institutions, community groups, indigenous peoples' organizations, civil society organizations, industry, and relevant academic institutions. The directors are drawn from civil servants and other professionals with appropriate qualifications.

2.2.1.2. Funding Instrument

The formulation of the REDD+ Funding Instrument will be facilitated by the REDD+ Agency. The Funding Instrument will work with a variety of potential sources and a wide variety of users, and be managed with a multi-stakeholder approach. This instrument serves the following purposes:

1. To support the development of REDD+ activities in line with their potential to reduce emissions from forests and peatlands;
2. To provide an internationally credible funds disbursement mechanism acceptable to potential donors and investors interested in facilitating or benefiting from REDD+ activities;
3. To facilitate the efficient distribution of funds and to ensure the fair distribution of benefits from REDD+ activities; and

4. To ensure adherence to the three key safeguards aspects: fiduciary, social and environmental integrity.

Funding Instrument Mandate

In order to operate effectively, the REDD+ Funding Instrument will be given the following mandate:

1. Manage REDD+ funds independently, professionally and credibly outside of the state budget system based on globally accepted safeguards and accountability standards. Any public funds from the State Budget or Government to Government disbursements are managed using the on-budget, off-treasury approach, or listed under the Trust Fund mechanism of the State Budget.
2. Mobilization of funds from public and private sector sources through systematic, programmed, professional fund raising. Funding may also be sought through various carbon trading instruments, commodities markets and through financial and capital markets. Fund mobilization planning in support of REDD+ may also be done through the expansion of access to the carbon market and other funding sources as discussed in the Business Plan under the REDD+ National Strategy.
3. To prepare funding mechanisms:
 - a. To support implementation of the REDD+ National Strategy.
 - b. To support REDD+ Agency coordination of its mandated functions and REDD+ activities.
 - c. To purchase inputs for development of phased REDD+ program/projects/activities that both directly and indirectly result in the reduction of greenhouse gas emissions.
 - d. To fund investment pre-condition activities (for example: completion of spatial planning or provincial level timber legality verification implementation), the development of infrastructure (such as large scale peatlands drainage canal blocking) or other activities that contribute to the effort to reduce emissions and/or facilitate the implementation of REDD+ projects.
 - e. To remunerate regional governments, NGOs, communities and other groups for their efforts and performance in developing conditions that enable emissions reduction in their areas through both strategic activities and/or the formulation of supportive policies.

- f. To remunerate the performance of registered implementers of REDD+ activities/projects/programs for their verified successful reduction of emissions.
 - g. To provide incentives for the fulfilment of specific compliance levels in relation to government policies, such as the approval of Regional Spatial Plans (RTRW) by the House of Representatives.
 - h. To support human resource and institutional capacity building that directly benefits and supports REDD+ activities.
 - i. To manage matching funds in connection with REDD+ investment commitments by regional governments and private sector investors.
4. Ensure there is a protocol for fiduciary safeguards, and that it is implemented before approval is granted for REDD+ programs/projects.
 5. Confirmation of the implementation and fulfilment of the safeguards framework requirements, whether fiduciary, social or environmental, at the program/project/activity level, before funds are delivered.
 6. Harmonization of procedures for the implementation of funding and disbursement of payments before Indonesia enters the full REDD+ National Strategy implementation phase.

REDD+ Funding Instrument Accountability Mechanism

In order to maintain the credibility of the REDD+ Funding Instrument, an accountability mechanism must in place to ensure maximum operational transparency. Independent financial audits will be carried out periodically by one of the five best international audit institutions. REDD+ Funding Instrument financial reports and the audit report for the REDD+ Agency will be published and available to the public. The Chairman of the REDD+ Agency will forward reports to the Minister of Finance for the purpose of accountability for the funds received through the National Budget and/or grants in which are recorded as State Revenue.

2.2.13. REDD+ Measurement, Reporting and Verification (MRV) Institution

MRV is a series of evaluation activities involving measurement, reporting and verification of emissions reductions achieved and the amount of carbon stocks preserved or increased, carried out periodically in relation to REDD+ activities. The results of MRV provide the basis for determining remuneration by the REDD+ Funding Instrument for the successful implementation of REDD+ activities.

The formation of the MRV Institution will be facilitated by the REDD+ Agency. The MRV Institution will be established to develop policies, standards, and work mechanisms for measurement, reporting, and verification that are in compliance with UNFCCC decisions and approved by the REDD+ Agency, as well as to coordinate MRV activities. The MRV Institution operates independently under the coordination of the REDD+ Agency.

Goals and Principles of the MRV System

The goal of the MRV system will be to support the implementation of REDD+ through measurement mechanisms and performance reports on the reduction of greenhouse gas emissions by implementers of REDD+ activities, as well as through independent verification mechanisms in line with UNFCCC's development of methodologies and modalities. Under this approach, the verification process will result in 'verified national level emission reduction' and 'verified sub-national level emission reduction'. To take advantage of potential voluntary carbon market development, a verification mechanisms applied by accredited independent third parties will be instituted in due course. This independent third party verification process will result in the issuance of a Verified Emissions Reduction (VER) acknowledgement. Once this verification is done for the purpose of certification by an accredited emissions reduction certification institution, the Certified Emissions Reduction (CER) document will be issued. The verified national or sub-national level emission reductions, the VER as well as the CER, constitute the basis for the disbursement of performance payment for the financial benefit of those carrying out REDD+ programs and activities.

The MRV Institution will be set up on the basis of the following principles to ensure that it is a trustworthy body of high integrity:

1. **Consistent:** The establishment of a Reference Emissions Level (REL) becomes the baseline measure for the degree of success of REDD+. For that reason, the MRV Institution ensures the availability of consistent methodology that is applicable at all REDD+ activity locations at any given time.
2. **Complete:** Adequate information covering carbon stocks in all ecosystem components, whether above (trunks, branches, leaves) or below (roots) the surface of the earth, as well as in biomass that is defined as part and parcel of the whole (necromass, manure, peat).
3. **Accurate:** The accuracy of data is an important element in measuring effectiveness of efforts to reduce emissions.

4. Transparent: The MRV Institution will ensure transparency and publication of the methodology and results of measurement of emissions reduction.
5. Comparable: Measurement results can be compared over time for the various phases of activities of the same type.
6. Independent: Emissions reduction verification and certification institutions are accredited on the basis of specific criteria and requirements.

MRV Institution Mandate

Nationally, the MRV Institution will undertake the following mandates:

1. Formulate policies, standards and various mechanisms related to MRV activities with the approval of the REDD+ Agency. These include coordination, harmonization, validation and verification of GHG calculations carried out at various levels from local sites to sub-national and national levels. The system will be developed in line with UNFCCC decisions and IPCC guidelines;
2. Compile all GHG inventory for Indonesia's forests and peatlands over all domains of REDD+ activities at the national level. The GHG inventory will cover all relevant emissions and removals from within the country boundary.
3. Function as a registry and clearing-house for the management and processing of related geographic and other data for access by stakeholders;
4. Develop mechanisms for reporting to relevant national and international institutions and market players;
5. Integrate the measurement framework into a safeguard for evaluation of social and environmental security performance;
6. Synergize the MRV system with the information system for REDD+ safeguard implementation (SIS-REDD+);
7. Integrate a Forest Resource Monitoring System into the MRV System to ensure data accuracy on the changes of forest land use and its impact on carbon stocks and other ecosystem functions.
8. Provide information on the results of verification of emissions reduction for any given phase of REDD+ activities to funding institutions responsible for disbursing performance-based payments;
9. Develop capacity in measurement and reporting (M+R) among the implementers of REDD+ activities (for the purpose of internal quality control in the effort to reduce emissions);

10. Build coordinative capacity among MRV implementers in Regional REDD+ Agencies.

MRV System Development Phase

The MRV System for REDD+ will need to ensure best practices by meeting international state of the art MRV standards through the following stages:

1. By the end of 2013, Indonesia will be ready and able to implement IPCC Tier 2 MRV (project sites and landscape areas) to meet sub-national needs in pilot and priority provinces;
2. By the end of 2014, a country-wide system will have been set in place to achieve Tier 3 MRV realization of VER at all project sites and IPCC Tier 2 at all landscape areas to fulfil all sub-national level needs;
3. By the end of 2014, a national level MRV system will deliver results confirming to IPCC Tier 2 or better.

2.2.1.4. Relationship Between the REDD+ Agency, the Funding Instrument and the MRV Institution

1. The REDD+ Agency's relationship with both the Funding Instrument and the MRV Institution: The REDD+ Agency has the authority to control the Funding Instrument and the MRV Institution effectively, transparently, and accountably.
2. The REDD+ Agency's relationship with the Funding Instrument: The REDD+ Agency determines the priorities, strategies, and policies for funds management.
3. The REDD+ Agency's relationship with the MRV Institution: The REDD+ Agency establishes policies, regulations, and standards for measurement and reporting, as well as setting policies concerning independent third-party verification.
4. The Funding Instrument's relationship with the MRV Institution: (a) The MRV Institution provides verification results for emissions reduction from any given REDD+ activity to the Funding Instrument for performance-based payment; (b) The Funding Instrument cooperates with the MRV Institution to develop evaluation protocols for social and environmental safeguards.

2.2.2. Policies and Regulations Reviewed and Strengthened

Effective, efficient and sustainable implementation of the REDD+ scheme requires a strong legal foundation, including revised policies and regulations. These reforms are required for spatial planning, restructuring of land use and property rights, the improvement of permit issuance systems, the resolution of conflicts and technical issues in the field, as well as law enforcement. For this reason, the REDD+ Agency has been mandated to set up a 'climate-friendly' legal framework. This framework will function as a more detailed manifestation of the People's Consultative Assembly Decision No. IX/MPR/2001 concerning the Reformation of Agrarian Affairs and Natural Resource Management. The legal framework thus formulated will then function as the basis for evaluation, harmonization, and implementation of the various strategies for policy strengthening. These steps toward the review and perfecting of policies and regulations include, but are not limited to, the revision of regulations on Forestry and Spatial Planning. In this way, the implementation of REDD+ and overall improvements to forest and land use governance will have a solid legal basis.

Reform of regulations and policies on natural resources management will be further facilitated when the House of Representatives enacts the draft Natural Resources Management law, currently one of the items on the government's 2010-2014 legislative program. A number of other steps will be taken simultaneously to resolve various underlying issues discussed below.

2.2.2.1. Land Use Spatial Planning

Reform of spatial planning will be undertaken through:

1. Strengthening the authority and function of the National Spatial Planning Coordination Board (BKPRN) through revision of Presidential Decision No. 4/2009 on the BKPRN. This strengthening is meant to synchronize data and information in order to plan forestry and other land uses based on judicial, biophysical, ecological, socio-economic, and cultural considerations.
2. Accelerating the implementation of Law No. 4/2011 on Geo-Spatial Information in connection with the mandate to integrate mapping through the creation of a master map for all types of permits covering forested areas by all Ministries and institutions with authority to recommend or issue land use permits.
3. Researching permit processes, policies and regulations with reference to a creating a legal framework for dealing with climate change and for resolving land use conflicts; and following up on the findings through:

- a. Taking steps to enforce the law (administrative, civil and criminal) in cases where a review of the issuance of permits indicates violations have occurred. Law enforcement is to be undertaken in line with Law No. 26/2007 concerning Spatial Planning, Law No. 1/1999 concerning Corruption, Law No. 32/2009 concerning Environmental Protection and Management, as well as other related regulations.
 - b. Developing transparent, accountable and integrated systems for issuing land use permits, as well as simplifying regulations and administrative procedures to achieve efficient public service and a climate conducive to investment, especially in the development of small and medium scale enterprises by local communities.
4. Accelerating the formulation of a draft regulation on Environmental Inventorying, Eco-region Divisions, Environment Protection and Management Planning; and the undertaking of strategic environmental research as mandated in Law No. 32/2009 concerning Environmental Protection and Management.

2.2.2.2. Land Tenure Reform

The people have a constitutional right to certainty over boundaries and management rights for natural resources. Land tenure reform is an important prerequisite to create the conditions required for successful implementation of REDD+.

Certainty of land tenure will be pursued through:

1. Instruction by the Government to the Home Affairs Ministry and the National Land Agency to implement a survey of land occupied by indigenous peoples and other communities.
2. Support the National Land Agency to resolve land tenure disputes using existing statutory out-of-court settlement mechanisms.
3. Harmonization and revision of natural resources management regulations and policies to ensure the principle and processes of Free, Prior, and Informed Consent (FPIC) are internalized in the issuance of all permits for the exploitation of natural resources.

2.2.2.3. Management of Forests and Peatlands

The main prerequisite for reducing greenhouse gas emissions from forests and peatlands is the guarantee of sustainable and systematic land use management.

Land use management must use an ecosystem approach, unfettered by administrative boundaries. The following reforms are necessary to achieve this:

1. Coordinate all stakeholders to review and harmonize policies and regulations concerning the management and rehabilitation of forests and peatland in designated forest and "other use" areas;
2. Accelerate the formation of forest and land use management institutions at the field level (Forest Management Unit, KPH) and similar organizations for management of peatlands, to operate both within and outside of designated "forest areas". Further, it will be necessary to establish a legal framework for the transition to management by Forest Management Units including benefit sharing and issuance of forestry permits.
3. Prepare mechanisms and regulations for reclassifying forested land and/or peatland outside of designated forest areas, which have the potential to become REDD+ locations, as permanent forests. This includes facilitating land swaps for forested/peatland areas which are currently under license for forestry or other land uses.
4. Increase the role of and improve the third-party performance evaluation system for permit holders through intensive policies, such as those applied in the certification of sustainable forest management.

2.2.2.4. Forest Monitoring and Law Enforcement

Firm and consistent law enforcement (including for officers of the executive, legislature, and judiciary) in the case of improper issuance of permits for exploitation of forests, peatlands and "other use" areas through:

1. Implementation of a verification system for timber legality certification and sustainable forest management certification, including training for verification institutions and auditors.
2. Capacity strengthening for prosecutors and police working under the One Roof Enforcement System.
3. Formation of a special Green Bench of judges for adjudicating environmental cases including forestry issues, whose members are selected on the basis of integrity and adequate knowledge of the sustainable development paradigm, including its application to the forestry sector.

2.2.2.5. Two-Year Moratorium on New Deforestation Permits

On May 20, 2011, the President issued a moratorium on new permits over forest and peatland areas, also instructing that forest governance be improved (Presidential Instruction No. 10/2011). The purpose of this moratorium is to harmonize national economic development with efforts to reduce greenhouse gas emissions from land-based sectors, through the improving management of forests and peatlands. This two-year moratorium may be extended if deemed necessary.

During the moratorium period, the following steps are to be taken:

1. Permit Consolidation
 - a. Identify, research, and map all permits for the exploitation of forest and peatland areas within the boundaries of territories classified as forest or “other use” areas to ascertain their land use status under the law and to identify all claims over any given tract of land;
 - b. Optimize enforcement of all laws and regulations pertaining to any existing permits suspected to have been improperly granted;
 - c. Improve permit issuance governance to make it more transparent and accountable;
 - d. To specifically identify the potential for reclassification or land swaps between damaged forests and peatlands located in designated forest areas for forests and peatlands in good condition but which are now under land use permits allowing their destruction.
2. Saving the most threatened forests
 - a. Inventorying degraded areas and setting up a database to meet monitoring, reporting and verification needs;
 - b. Reclassification of the status and borders of forested areas, and harmonize with regional spatial plans;
 - c. Prioritize conservation based on local customs and practices.
3. Conflict Resolution
 - a. Involve local communities in all processes, from planning to implementation and evaluation, throughout the new permit moratorium period;
 - b. Formulate alternative models for natural resource related conflict resolution based on the fulfilment of human rights as stipulated in

international human rights conventions and national legal instruments that have adopted human rights principles;

- c. Effectively take advantage of every opportunity to resolve conflicts through the application of local customs and practices, along with establishing a conflict resolution team with representatives from various sectors and independent parties;
- d. Formulate regulations that require non-government institutions (including Forest Management Units run by State-Owned Enterprises) to formulate standard operational procedures which incorporate principles of inclusiveness through FPIC and other human rights standards.

2.2.3. Strategic Programs

Strategic programs are oriented toward improving the effectiveness of sustainable landscape management, the implementation of economic systems based on the sustainable use of natural resources, and conservation and land rehabilitation; as well as toward changes in the pre-conditions that enable these three things. Based on the REDD+ National Strategy illustrated in Graphic 2.1., the conditions conducive to these three programs are integral elements of the implementation of REDD+ program strategies. The implementation of program strategies also requires changes in work paradigms and culture, as well as the involvement of various parties.

2.2.3.1. Sustainable Landscape Management

This approach is based on an integrated cross-sector landscape management system and long-term interests. The purpose of multi-sector integration, involving the industrial, forestry, agro-forestry, agricultural, and mining sectors in particular, is to direct the existing economic system toward the development of a green economy that will result in low levels of carbon emissions. This approach is applied through:

1. Acceleration/debottlenecking of provincial land use spatial plans;
2. Acceleration/debottlenecking of processes to delineate forest areas as a pre-condition for the effective formation of Forest Management Units, and as a sign of respect towards parties with rights to land;
3. Acceleration/debottlenecking of the formation of units for the management of forests and peatland in designated forest areas and designated "other use" areas to ensure effective management regimes in the field. This acceleration

must be supported intensively by the development of an education and training system and by identification of funding sources and incentives for Forest Management Units and Regional Governments;

4. Management of landscapes, including eco-regions and river catchments, must be done through integrated planning for the utilization or development of land that references both ecosystems and administrative borders, in line with the formation of institutions and their working procedures, as well as mechanisms for the involvement of various parties. Cross-sector programs must be harmonized, along with the setting of measurable targets;
5. Development of sustainable local economies based on alternative livelihoods, expanded job opportunities, and the management of forests by local communities. There should be capacity building oriented toward local technologies and the five core capital elements: physical environment, financial systems, access to natural resources, skilled human resources, and social conditions that are conducive to sustainable development;
6. Preventive rather than reactive handling and control of wildfires. Preventive measures to curb the occurrence of forest fires include fire detection and early warning systems. Reactive measures must be supported by adequate capacity to handle and control forest fires. Policies must be formulated to discourage or ban the slash and burn approach to clearing land for farming, plantations, production forest planting, and the development of infrastructure. The fire prevention program must be supported by a system of disincentives, including punitive measures for the violation of policies, regulations and laws. Incentives that encourage best practices should also be introduced.
7. Strengthen the Forest Resource Monitoring System and ensure its integration with the national REDD+ MRV system. The Forest Resource Monitoring System needs to be enhanced to support the dynamics of information shift related to the changes of forest land use as well as its impact on timber and non-timber resources, carbon stocks, biodiversity and other ecosystem services.

2.2.3.2. Implementation of an Economy Based on Sustainable Natural Resource Management

This strategy is based on best practices in the management of land for farming, plantations, silviculture and mining. The application of best practice principles is meant to increase the productivity of land without increasing emissions or the risk of other environmental damage, while ensuring adequate benefits from the exploitation of natural resources without expanding the size of cultivated areas.

This can be accomplished through:

1. The implementation of sustainable forest management

Sustainable Forest Management by various parties is encouraged not only in relation to natural forests and large-scale commercial forests, but also timber areas cultivated by local communities, communal forests, village plantations, and public forests. Sustainable Forest Management is achieved through a fair balance between economic and ecological benefits. This requires legal certainty of the status and function of forested areas and the rapid resolution of any violations of regulations covering the utilization of forests. The provision of incentives as well as the application of the Verification System for Timber Legality Certification and Sustainable Forest Management certification supports the widespread adoption of Sustainable Forest Management.

2. Increased agricultural and plantation productivity

The productivity levels of farmland and plantations determine the welfare of communities near forests and conservation areas. For this reason, the productivity of oil palm plantations, which account for the largest segment of the plantations sector, requires special attention, in particular the intensification of community plantations run by local farmers, expanded access to funding facilities and agricultural technology for local farmers, the imposition of quotas on large-scale plantations, the adoption of sustainable plantation standards such as Roundtable on Sustainable Palm Oil (RSPO), and the development of incentive mechanisms.

3. Control of damage from mining

Damage to land can be mitigated and reduced through the proper technology for exploration and mining. The development of lower emissions mining can be encouraged through laws, regulations, and the application of extractive industry standards, as well as the designation of mining-free zones, increased effectiveness of reclamation activities, and the improvement of mining permit management.

4. Promotion of high value-added downstream industries

The increased presence of high value-added downstream industries can be encouraged by prioritizing local investment in natural resource based activities, the development of small industry technologies, and the expansion of efficient trade chains, as well as the strengthening of institutions to support a community-based economy.

2.2.3.3. Conservation and Rehabilitation

1. A strategic conservation program aiming to improve the preservation of biodiversity and forest and peatland ecosystems. High Conservation Value Forests receive special priority status with a focus on:
 - a. Establishment of protected areas. Forests and peatlands with high carbon stocks and high biodiversity to be awarded protected area status.
 - b. Curbing land conversion and logging outside protected areas. This can be accomplished through strict monitoring and permit reviews for land outside of High Conservation Value Forests and land not earmarked for controlled agricultural development, while encouraging land swaps where forests remain intact despite existence of forest conversion permits.
2. A strategic rehabilitation program focused on creating preconditions and resolving problems in the field to enable effective rehabilitation activities:
 - a. Strengthening management and rehabilitation of peatland through inventorying peatland areas in designated forest and “other use” areas, evaluating their condition, researching exploitation permits, and taking steps toward rehabilitation of natural hydrological systems by closing canals, planting local species, and preventing and handling forest fires.
 - b. Provision of incentives for reforestation of forests and peatlands, such as replanting, rehabilitation of mangrove forests, development of town forests, and the expansion of community managed areas.
 - c. Ecosystem Restoration. The purpose of restoring ecosystems extends beyond reducing emissions through deforestation and degradation, to providing the potential to contribute significantly to REDD+ goals and additional benefits such as ecosystem services in forest areas. The main elements in this activity are ensuring transparency in permitting, providing appropriate incentives, and undertaking intensive program evaluations.

2.2.4. Changes to Work Paradigms and Culture

The high level of land-based emissions necessitates changes to the forestry sector’s basic work paradigms and culture. The characteristics of individuals involved must be addressed, covering competence, qualifications, knowledge, attitude, integrity, work ethic, and motivation, as well as leadership ability and a sense of responsibility applied in the field through organizations spearheading management of forests and peatlands.

Principles to be addressed are:

1. Gender sensitivity: through attention to equality in roles, needs, and responsibilities of men and women;
2. Inclusiveness: removing hindrances and deliberately ensuring participation of all relevant stakeholders;
3. Collaboration: ensuring that all parties involved are treated as equal working partners;
4. Adaptability: quickly and appropriately formulate policies anticipative of change;
5. Transparency: ensuring open planning, decision making, and financing.

2.2.4.1. Strengthening Forest and Land Use Governance

Forestry sector and land use governance can be strengthened through:

1. Increased understanding among decision makers at both national and local level about the importance of involving all stakeholders;
2. Leverage the Freedom of Information Law 14/2008 to encourage transparency and ensure accurate information is available for public participation through:
 - a. Transparency enhancement programs relating to: (i) the formulation of laws and regulations; (ii) establishment of policies; and (iii) provision of permits in the forestry sector;
 - b. Increased leeway for transparency and participation, especially for vulnerable groups, such as indigenous peoples, women, children and the poor;
 - c. Capacity-building for community members, especially women and other vulnerable groups, to improve: (i) understanding of available information; and (ii) participation in decision-making processes;
3. Provision of effective conflict resolution mechanisms to accommodate the various opinions and interests of participating stakeholders.

2.2.4.2. National Action Campaign: "Save Indonesia's Forests"

To increase public support, a public awareness campaign is required to expand understanding of the need to conserve forests as life support systems. Shifts in public awareness of the value of forests must occur at all social and age levels. The REDD+ Agency will carry out public awareness campaigns in cooperation with public communications experts in the following manner:

1. Creation of popular information programs to provide information to a wide range of people concerning the importance of forests and the significance of the REDD+ mechanisms;
2. Cooperation with the mass media (print and electronic) to disseminate objective information from various perspectives relating to the saving of Indonesia's forests and the mechanisms of REDD+;
3. The provision of direct formal and informal educational programs and activities at the community level that are designed to support sustainable development.

2.2.4.3. Development of Incentives

Rewards are effective in motivating changes in work culture. This change can be facilitated through the following actions in the forestry and land use sectors:

1. Provision of annual awards and financial incentives to regional governments and business enterprises with good performance in forest management and land use.
2. Harmonization of regulations relating to fiscal transfers from the Central Government to Regional Governments as incentives to ensure the success of the REDD+ program.

2.2.5. Stakeholder Participation

The inclusive and collaborative involvement of the public and various stakeholders is core to the implementation of REDD+. The format for the involvement of stakeholders must be carefully designed from the outset based on a clear understanding of the complexity of the conditions and characters of those stakeholders.

2.2.5.1. Interaction and Strategies for Stakeholder Participation

Collaborative decision making is stipulated in article 70 of the Forestry Law, which stipulates the establishment of a multi-stakeholder “Forestry Observers Forum”. The National Forestry Council accommodates the existence of this institution, and the REDD+ Agency will develop a strategic partnership with the National Forestry Council to ensure the equitable involvement of stakeholders including fair treatment for vulnerable segments of the public.

The following strategies will facilitate public participation in REDD+:

1. Identification and mapping of stakeholders, including an understanding of who among them will be most affected either positively or negatively;
2. Increasing understanding, awareness, unity of perception, agreement, and support among all concerned parties of the importance of implementing REDD+ with recourse to the principle of FPIC; this process will require effective communication strategies adapted to local conditions;
3. Increasing stakeholders’ role in planning and problem solving, through the development of:
 - a. Contributory Partnerships: collaborative efforts to decide on channeling of funds into REDD+ programs and projects;
 - b. Operational Partnerships: a collaborative effort facilitated through work sharing;
 - c. Consultative Partnerships: a collaborative advisory effort in which certain parties provide input on policies, strategies, planning, evaluation, and adaptation to facilitate the implementation of REDD+;
 - d. Collaborative Partnerships: a form of cooperation in which the process of decision making takes into consideration that authority, ownership, and risk is shared together with all parties on an equal footing.

2.2.5.2. Implementation of the Principles of Free, Prior, and Informed Consent (FPIC)

The REDD+ Agency will implement and apply the principles of FPIC in all REDD+ programs and projects. The purpose of this approach is to ensure fairness and accountability for indigenous and local peoples whose lives and rights will be affected by REDD+ activities.

The implementation of the FPIC protocol in the REDD+ scheme is based on the following principles:

1. The application of this protocol involves consultation with the relevant indigenous peoples, local communities, and other members of the public affected by the implementation of REDD+ programs/projects/activities;
2. Consultation is carried out without force, intimidation, manipulation, or pressure in any form to seek the consent of indigenous peoples and local communities who are potentially affected by REDD+ programs/projects/activities;
3. Effective and fully participative consultation involves indigenous and local communities in every step and process that affects them either directly or indirectly. The participation of indigenous peoples can be done through their traditional authorities, or through representative organizations selected on the basis of traditional systems adhered to by the given indigenous community.
4. Consultation aims to achieve broad consensus or the specific agreement of the indigenous and local communities potentially affected. There are various forms of agreement: tentative agreement, temporary agreement, partial agreement, agreement with specific stipulations, agreement with other options, and full agreement; all of which are decided upon by the concerned public through legal mechanisms, indigenous law practices, or local traditions and habits;
5. Consultation is based on complete, balanced, honest, unbiased, and easily understood information concerning the alternatives and choices existing for the public within the implementation of REDD+ activities, along with the consequences of each alternative choice. This information is meant to create leeway for broad consensus, with all parties having access to existing opportunities;
6. Consultation with the public must be done within an adequate frame of time before permits are legalized or activities commenced, and must be done respectfully with adherence to all stipulations and time considerations required within the consultation process;
7. The FPIC consultation process is the beginning of ongoing or regular communication between members of the community and the would-be implementers of REDD+ activities. There must be agreement on the manner of public consultations, its protocols and mechanisms, including those for complaints and conflict resolution relating to each stage of REDD+ activities.

2.2.5.3. Safeguards Framework and Information System

Preparing instruments for a safeguards framework is done to ensure a risk evaluation reference point for REDD+ activities, and to facilitate the preparation of monitoring and control steps relating to program management, financial accountability, and the impact of programs on vulnerable groups and the natural environment. REDD+ activity implementers are required to take concrete steps to ensure risk mitigation as part of the implementation process, through periodic monitoring, evaluation, and reporting. They are also obligated to provide information regarding the implementation of safeguards in their work area in a manner compatible with the information system for REDD+ safeguard implementation (SIS-REDD+).

Preparing instruments for a safeguards framework for REDD+ involves:

1. The formulation of principles, criteria, and safeguards framework indicators.

The formulation of criteria, indicators and evaluation procedures, as well as the handling of risks within the framework of fiduciary safeguards, is based on basic principles of financial management accountability.

Within the context of social safeguards, the application of principles, criteria, and indicators is meant to ensure a strong basis for the full restoration of the public's rights and the overall governance process. Within this context, it is imperative to specifically design the social safeguards framework for the protection and benefit of vulnerable groups, including indigenous peoples and local communities living in and around forests, whose livelihoods depend on forest resources; women, who face the full brunt of changes in family income; and other societal groups, whose social, economic, and political status put them in a weak position in terms of fulfilment of their human rights.

It is also important to formulate environmental safeguards through application of environmental principles and indicators in line with the needs of local people to ensure synergy among all concerned parties toward reducing emissions and securing biodiversity and other ecosystem functions of forests and peatlands.

The following is the minimal framework for environmental safeguards criteria and indicators:

- a. Acknowledgement and protection of the basic rights of indigenous peoples and local communities to: (i) state their opinions about whether they approve REDD+ activities in the areas in which they live; (ii) participate; (iii) get information; (iv) object to or criticize public decisions relating to REDD+ projects; (v) have full rights to natural resources, not only on the basis of documents, but based on historical use; and (vi) an equitable level of benefits;
 - b. Assurance of gender equality and the right of vulnerable groups to participate equally in REDD+ implementation;
 - c. Guaranteeing the fulfilment of the principles of good governance and administrative functions that accommodate transparency and accountability to the public;
 - d. Guaranteeing that the application of the REDD+ scheme does not run counter to efforts to preserve biodiversity and ensure sustainable natural environment standards;
 - e. Assurance that rehabilitation is undertaken in the case of violation of sustainable environmental standards;
 - f. Ensuring that conflict resolution mechanisms are in place should disputes arise in the future;
2. Formulation of evaluation procedures and implementation of safeguards.

The REDD+ Agency applies evaluation procedures and safeguards on the basis of local values through the following:

- a. FPIC procedures, information systems and mechanisms, along with a safeguards framework that ensures public access;
- b. Procedures and information systems that assure acknowledgement of the right of the public to land and forests that accommodates not only formal legal recognition, but also indigenous law rights and historical claims;
- c. Application of due diligence systems and procedures, as well as internal supervision, in the implementation of REDD+;
- d. Procedures and systems to ensure the equitable distribution of benefits from REDD+;
- e. Procedures and systems of evaluation to ensure the preservation and sustainability of the natural environment in areas covered by REDD+;

- f. Follow-up procedures in the case of material or non-material damages or losses to the public as a result of the implementation of REDD+;
 - g. Procedures and systems for conflict resolution and complaints handling.
3. The inclusion of safeguard framework indicators into MRV instruments for periodic review, especially of the following:
- a. Accountability mechanisms related to methods and processes for collection of data on social and environmental conditions to support the formulation of REDD+ project policies and documents;
 - b. Facts and data set out in reports on the implementation of REDD+ policies or projects through to the evaluation phase;
 - c. Fulfilment of the safeguards framework within REDD+ policies and REDD+ activity implementation;
 - d. Evaluation of the accountability of verification results relating to the distribution of benefits from the implementation of REDD+ activities among groups of men and women;

The development of an Information System for REDD+ Safeguards Implementation (SIS-REDD+) is a mandate of COP-16 UNFCCC. It is recommended that this system is developed based on the following considerations:

- a. Applicable regulations;
- b. Lessons learned from sustainable forest management programs and other relevant environmental programs;
- c. Developed at national and sub-national levels as needed as according to the preparedness of local regulators and implementers;
- d. The design, components and flow and the provision of information within SIS-REDD+ will allow for integration and consistency with the MRV System;
- e. Transparency and accessibility to all parties;
- f. SIS-REDD+ management will be the responsibility of the agency coordinating the MRV Institution.

2.2.5.4. Benefit Sharing

Strategies for the fair distribution of benefits are based on the following:

1. All parties with rights over the area of the REDD+ program/project/activity location have the right to payment;
2. Services/remuneration/benefits provided to individuals other than workers will be distributed by the implementers of REDD+ activities. The provision of these 'service-based' benefits is collective when services are provided collectively;
3. Communities contributing to the achievement of Verified Emissions Reductions or Certified Emissions Reductions (VER/CER) in cases where land ownership and forest preservation is collective are not remunerated as individuals as would be the case with workers;
4. Systems and mechanisms for benefit sharing must be transparent and accountable to prevent misallocation of benefits.

The first step is to clarify land rights status. The next step is to identify the potential for loss of income for regions where REDD+ programs/projects/activities are to be located. Within this context, it is necessary to identify the stakeholders who contribute to carbon absorption functions or the reduction of carbon emissions in regions in which REDD+ has project sites to ensure the proper distribution of service-based benefits. The implementation of benefit payments to deserving parties will be done on the basis of performance evaluations and VER/CER measurement (results- or performance-based payments).

Regional governments are among the parties with the potential to receive benefits from REDD+ projects if VER/CER can be achieved as a result of their policies and public sector investments. Community members will receive payments either individually or collectively in line with their roles played within the context of having rights over resources and provision of services. This does not apply, however apply to people working as paid staff members for programs or projects. Members of communities that contribute to the achievement of VER/CER from REDD+ projects will also receive payments.

CHAPTER 3

Directing the Implementation of REDD+ Strategies

The REDD+ National Strategy will be implemented in phases and guided by the National REDD+ Action Plan and the National Business Plan for REDD+, both of which have been developed based on the REDD+ National Strategy. The REDD+ National Strategy and these two supporting documents function as core references for the formulation of the Provincial REDD+ Strategies and Action Plan. They will support the implementation of the Regional Action Plan for the Reduction of Greenhouse Gasses (RAD-GRK) that is to be completed by provincial governments before September 2012, in line with the mandate set out in Presidential Instruction No. 61/2011.

Within the framework of the implementation of the REDD+ National Strategy, pilot-project provinces were selected in December 2010, and the moratorium on new permit issuance and policies was established with Presidential Instruction No. 10/2011. Overall implementation of the five pillar strategies was initiated at the beginning of 2012.

3.1. Implementation Phases

Three years will be required for planning, establishment of institutions and for formulation of work programs, policies, and procedures. The implementation of the REDD+ National Strategy started in 2012, with verification for emissions reduction performance payments targeted to commence in the same year.

First Pillar, the REDD+ Agency. Establishment of the REDD+ Agency, the REDD+ Funding Instrument, and the MRV Institution are priorities for 2012. These three institutions are expected to implement the strategic programs required by the pilot-project provinces and to determine priorities for 2012 and 2013. The MRV Institution and systems are to be developed in phases, with the initial nationwide establishment of MRV Tier-2 at project sites, and the nationwide achievement of Tier-3 by the end of 2013. All three institutions are targeted to be functioning by January 2014.

Second Pillar, Strengthening Legal and Regulatory Framework. This will cover the development of institutional work mechanisms to strengthen relationships among the Central Government, provincial governments and district governments, as well as operational policies and regulations for REDD+ programs and projects. Starting at the beginning of 2012, REDD work units have been analyzing the preparedness, consistency, and effectiveness of the implementation of laws, regulations and systems needed to support REDD+. These activities will continue in phases over a period of 3 to 5 years in line with REDD+ Agency work unit priorities.

Third Pillar, Program Strategies. Program strategies are meant to create pre-conditions required to support REDD+ and to hasten the implementation of REDD+ pilot projects. Based on experience in the pilot project provinces, the REDD+ program will expand elsewhere in Indonesia in 2014. In the interim, the REDD+ Agency will assist in the development of technical expertise and resources, as well as coordinating REDD+ projects, while recording the lessons learned from these activities.

Fourth Pillar, Work Paradigm and Culture Change. This reform must be undertaken immediately to ensure that all stakeholders involved with REDD+ activities understand the urgency and benefit of the implementation of REDD+. Public awareness of REDD+ must be expanded through educational processes, beginning in the selected pilot project provinces. The REDD+ Agency will undertake public awareness campaigns aimed at creating changes in work culture within the bureaucratic structures involved in sector and regional development planning processes to ensure that they function effectively during public consultation processes.

Fifth Pillar, Public Participation. Is expected to provide the motivating spirit for the simultaneous implementation of all of the above pillars. The involvement of and communication with and among all stakeholders is crucial to the implementation of all four pillars. The implementation of this fifth pillar is meant to facilitate effective participation, legitimizing the standing of all stakeholders in relation to REDD+ policies and their implementation.

Table 3.1. Strategic Steps toward Effective Implementation of REDD+

REDD+ National Strategy	IMPLEMENTATION SCHEDULE		
	Phase-1 2011-2012	Phase-2 2012-2014	Phase-3 2014 and Onwards
Institutionalization and Processes	<ul style="list-style-type: none"> ③ Formulate REDD+ National Strategy ③ Develop REDD+ Agency, Funding Instrument, and independent MRV framework ③ Establish moratorium on issuance of new permits ③ Select pilot provinces ③ Development of an Information System for REDD+ Safeguards Implementation (SIS-REDD+) 	<ul style="list-style-type: none"> ③ Establish REDD+ Agency ③ Establish and launch Funding Instrument ③ Establish and launch MRV Institution and systems ③ Launch first and second provincial pilot project programs (2011 and 2012) ③ Develop capacity and work infrastructure ③ Establish national and sub-national REL/ RL ③ Strengthen the link between national and sub-national MRV. 	<ul style="list-style-type: none"> ③ Full implementation of REDD+ system ③ Continuation of emissions reduction program ③ Provision of program for independent evaluation and verification ③ Strengthen MRV system in line with UNFCCC standards ③ Strengthen the REL/ RL based on UNFCCC reference level ③ Make payments on the basis of Verified Emissions Reductions (VER)
Legal Framework and Regulations	<ul style="list-style-type: none"> ③ Review and revise the legal framework for resolution of issues relating to land ownership, reclassification and land swaps ③ Review and revise the legal framework relating to incentives for regions ③ Accelerate the resolution of spatial planning ③ Improve law enforcement for the prevention of corruption ③ Strengthen forest governance, including issuance of permits and changes in land use ③ Review the legal framework and incentives/disincentives for private sector 		
		<ul style="list-style-type: none"> ③ Establish a legal framework for the synchronization of data and spatial planning maps for permit issuance ③ Review of permits and resolution of forest and land use conflicts ③ Establish pre-conditions for effective framework 	
		<ul style="list-style-type: none"> ③ Ensure enforcement of 2-year moratorium on new permits for forests and peatland concessions 	

REDD+ National Strategy	IMPLEMENTATION SCHEDULE		
	Phase-1 2011-2012	Phase-2 2012-2014	Phase-3 2014 and Onwards
PROGRAM STRATEGIES			
1. Sustainable Landscape Management	③ Landscape/eco-region/multi-functional river catchment planning and Management ③ Establishment of improved governance system for the provision of permits after the end of the forest and peatland use permit Moratorium ③ Acceleration of the formation of Forest Management Units and their Operation ③ The prevention and handling of forests in forests and other land areas ③ Strengthen Forest Resource Monitoring System and integrate with the MRV System		
	③ Debottlenecking and finalize spatial planning in pilot-project provinces plus 8 prioritized provinces ③ Setting of forest boundaries	③ Mapping and acknowledgement of indigenous peoples' territories and local communities	③ The implementation of land swaps
		③ Completion of Spatial Organization in 8 other forested provinces	③ Completion of Spatial Organization in all other provinces.
		③ Specific identification and completion of preparations for land swaps	
2. Economic System for the Sustainable Utilization of Natural Resources	③ Development of sustainable local economies on the basis of sustainable forest management practices. ③ Increased agricultural and plantation production. ③ Achievement of environmentally friendly mining practices. ③ Promotion of high value added downstream industries. ③ Prioritizing/facilitating the adoption of REDD+ and RAD/RAN GRK into the government's planning documents.		
3. Conservation and Rehabilitation	③ Establishing protected area function. ③ Controlling conversion of forests and peatland. ③ Restoration of forests and rehabilitation of peatlands.		
		③ Ensuring the existence and strengthening of protected forests and peatlands.	

REDD+ National Strategy	IMPLEMENTATION SCHEDULE		
	Phase-1 2011-2012	Phase-2 2012-2014	Phase-3 2014 and Onwards
CHANGES TO WORK PARADIGM AND CULTURE	③ National campaign for REDD+ and "Save Indonesia's Forests". ③ Integration of REDD+ into Sustainable Development Education materials. ③ Development of professional capacity relating to REDD+ and sustainable development. ③ Development of an "award and recognition" system in forest management.		
MULTI-STAKEHOLDER PARTICIPATION	③ Communication relating to the thematic coordination of the REDD+ Agency's relationships within the first 6 months after its establishment. ③ Interaction with various groups (regional government, private sector, non-governmental organizations, indigenous/local peoples, and international bodies) within the development of a system for the implementation of REDD+ at national and sub-national level. ③ The development of system for social and environmental safeguards. ③ Efforts toward equitable benefits sharing.		

3.2. Sub-National

3.2.1. Pilot Provinces

The initial stages of REDD+ implementation will involve the selection and establishment of pilot provinces that will carry out trial REDD+ programs in order to ascertain which actions and activities should be replicated for application at the national level. The selection of pilots was based on the following criteria:

1. Biophysical conditions fulfil requirements for the implementation of REDD+ (forests and peatland threatened with deforestation and degradation);
2. Socio-economic conditions (economic value of forest resources, public dependence on forest resources);
3. Availability of data and capable human resources for the implementation of REDD+;
4. Effective, efficient, and transparent governance and governmental systems relating to economic programs and REDD+.

Provincial Strategy and Action Plans for the implementation of REDD+ in various provinces will be formulated with reference to the REDD+ National Strategy and will be synchronized with Regional Medium Term Development Plans.

3.2.2. Implementation at Sub-National Level

At the sub-national level, the five pillars of the REDD+ National Strategy will inform the Provincial Strategy and Action Plan. This is mandated by Presidential Instruction 61/2011 stipulating that each province is required to formulate a Regional Action Plan for the Reduction of Greenhouse Gasses. It is important to ensure that the various regional greenhouse gas reduction plans are consistent with REDD+ plans at the same government level. In the short term, provincial plans are linked to local needs to ensure that conditions are conducive to the program, and that all constraints that could limit the success of REDD+ are being addressed, while also guaranteeing that a natural resource based economy is established to meet the needs of the people. For the long term, provinces must expand on the development of a sustainable natural resource-based economy that is socially and environmentally viable. This can be done through attention to the sustainable preservation of landscape function as a support system for the entire natural environment.

3.3. Formulation of Action Plans

The effective implementation of REDD+ in a synergistic manner requires national and regional level Medium Term Development Plans be linked with strategic planning by government institutions at both national and regional levels, especially as regards the impact on land-based industry sectors. In order that the REDD+ National Strategy functions as the spearhead for synergizing the implementation of development nationally, it is necessary to formulate a National REDD+ Action Plan that is filled with programs based on the five pillars of the REDD+ National Strategy and the Provincial REDD+ Strategy and Action Plans. The formulation of the National REDD+ Action Plan must be done in parallel with the formulation of the Provincial Strategy and Action Plans, before the end of 2012.

3.4. Formulation of Business Plan

The appropriateness and benefits of the National Strategy and REDD+ Action Plan activities will vary at global, national, and local levels. For that reason, it is necessary to find financial, economic, and institutional solutions that could serve in incentive schemes to drive REDD+ implementation. This will require consideration of REDD+ market conditions and the services of other environmental programs. All of this is expected to be completed in 2012.

3.5. Legal Basis

The National Strategy has been formulated to function as an integral part of the existing legal framework. However, to ensure its implementation, it is necessary to undertake reform of the existing legal framework so that it becomes stronger, clearer, and harmonized with forest and peatland resource management. Such a sustainable legal framework for the handling of climate change issues may be based on an interpretation of People's Consultative Assembly Decree concerning the Reform of Agricultural and Natural Resource Management (No. IX/MPR/2001). The REDD+ Agency will coordinate within the scope of this legal framework.

CHAPTER 4

Conclusion

The National Strategy underlines the reality that successful implementation of REDD+ in Indonesia depends on governance reform in forest and peatland management. Considering the current condition of government institutions and the position communities find themselves in, improvements can only be achieved with a “business as unusual” approach – by building a new paradigm and establishing new institutions, regulations, mechanisms, relationships and governance systems.

Procedures must be made more transparent; permitting systems need reform to ensure public accountability; data and maps must be integrated; effective and influential thematic coordination must be applied among the various government institutions at central and regional government levels. These reforms will require a commitment to the public interest, open-mindedness, and sensitivity on the part of all parties. They must find the motivation to change so that Indonesia can successfully reform its land and forest resource management systems.

The primary goal is to rehabilitate the integrity of ecosystem functions, including the social and economic functions of land and forests within the framework of Indonesia’s sustainable development. This is a goal that goes far beyond merely producing carbon credits to assist in global climate change mitigation.

Annex



DECISION OF CHAIRMAN OF TASK FORCE FOR THE PREPARATION OF REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION PLUS (REDD+) AGENCY

NUMBER: 02/SATGAS REDD+/09/2012

CONCERNING

INDONESIA'S REDD+ NATIONAL STRATEGY

CHAIRMAN OF TASK FORCE FOR THE PREPARATION OF REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION PLUS (REDD+) AGENCY

Considers: a. that healthy and good living environment is a right for every citizen of Republic of Indonesia as mandated in Article 28H of the 1945 Constitution of the Republic of Indonesia, it is manifested, among others through sustainable forest and peat land ecosystem;

b. that the government of Republic of Indonesia is responsible for the organization and supervision of the forest and peat land management so that its carrying capacity can be sustainably preserved, nobly, equitably, wisely, prudently, transparently, professionally and responsibly managed, and its implementation be systematically and sustainably administered for the sake of national development to improve public's welfare and sustainable forest and peat land ecosystem;

c. that REDD+ is developed within the framework of low carbon development and green economy to ensure that climate change mitigation efforts from the land use sector are undertaken in line with the policy and needs for Indonesia's sustainable development;

d. that the Law Number 7 year 2007 concerning Long Term National Development Plan 2005-2025 and the Presidential Regulation Number 5 year 2010 concerning Medium Term National Development Plan year 2010-2014 need to be

complemented with national strategy on reducing emissions from deforestation and forest and peat land degradation;

- e. that the Presidential Decree Number 25 year 2011 concerning Task Force for the Preparation of Reducing Emissions From Deforestation and Forest Degradation Plus (REDD+) Agency to establish a Task Force for the Preparation of REDD+ Agency, in which one of its mandates is to coordinate the preparation of REDD+ National Strategy;
- f. that based on the aforementioned consideration stated in article a, article b, article c, article d, and article e, it is necessary to stipulate Decision of Chairman of Task Force for the Preparation of Reducing Emissions from Deforestation and Forest Degradation Plus (REDD+) concerning Indonesia's REDD+ National Strategy .

- In view of:
1. Law No. 6 year 1994 on the Ratification of the United Nations Frameworks Convention On Climate Change (State Gazette of Republic of Indonesia Year 1994 No. 42, Supplement to the State Gazette of Republic of Indonesia No. 3557);
 2. Law No. 17 year 2004 on the Ratification of Kyoto Protocol -on the United Nations Framework Convention on Climate Change (State Gazette of Republic of Indonesia Year 2004 No. 72, Supplement to the State Gazette of Republic of Indonesia No. 4403);
 3. Law No. 12 year 2011 on the Establishment of Regulation and Legislations (State Gazette of Republic of Indonesia year 2011 under No. 82, Supplement to the State Gazette of Republic of Indonesia under No. 5234)
 4. Presidential Regulation No. 61 year 2011 on the National Action Plan on Greenhouse Gas Emissions Reduction;
 5. Presidential Decision No. 25 year 2011 on the Task Force for the Preparation of Reducing Emissions from Deforestation and Forest Degradation Plus Agency (REDD+).

DECIDES

To enact: THE DECISION OF CHAIRMAN OF THE TASK FORCE FOR THE PREPARATION OF REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION PLUS (REDD+) AGENCY CONCERNING INDONESIA'S REDD+ NATIONAL STRATEGY.

FIRST : to stipulate the Indonesia's National Strategy of Reducing Emissions from Deforestation and Forest Degradation Plus hereinafter referred to as *Stranas* REDD+ Indonesia as stated in the appendix to this Decree.

SECOND : the *Stranas* REDD+ as referred to in the FIRST point is a guidance for the implementation of REDD+'s activities in Indonesia.

THIRD : This Decision of The Chairman comes into force as of the date of enactment.

Enacted in Jakarta

On September 19th, 2012

CHAIRMAN OF THE TASK FORCE FOR THE
PREPARATION OF REDUCING EMISSIONS FROM
DEFORESTATION AND FOREST DEGRADATION
PLUS (REDD+) AGENCY



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