

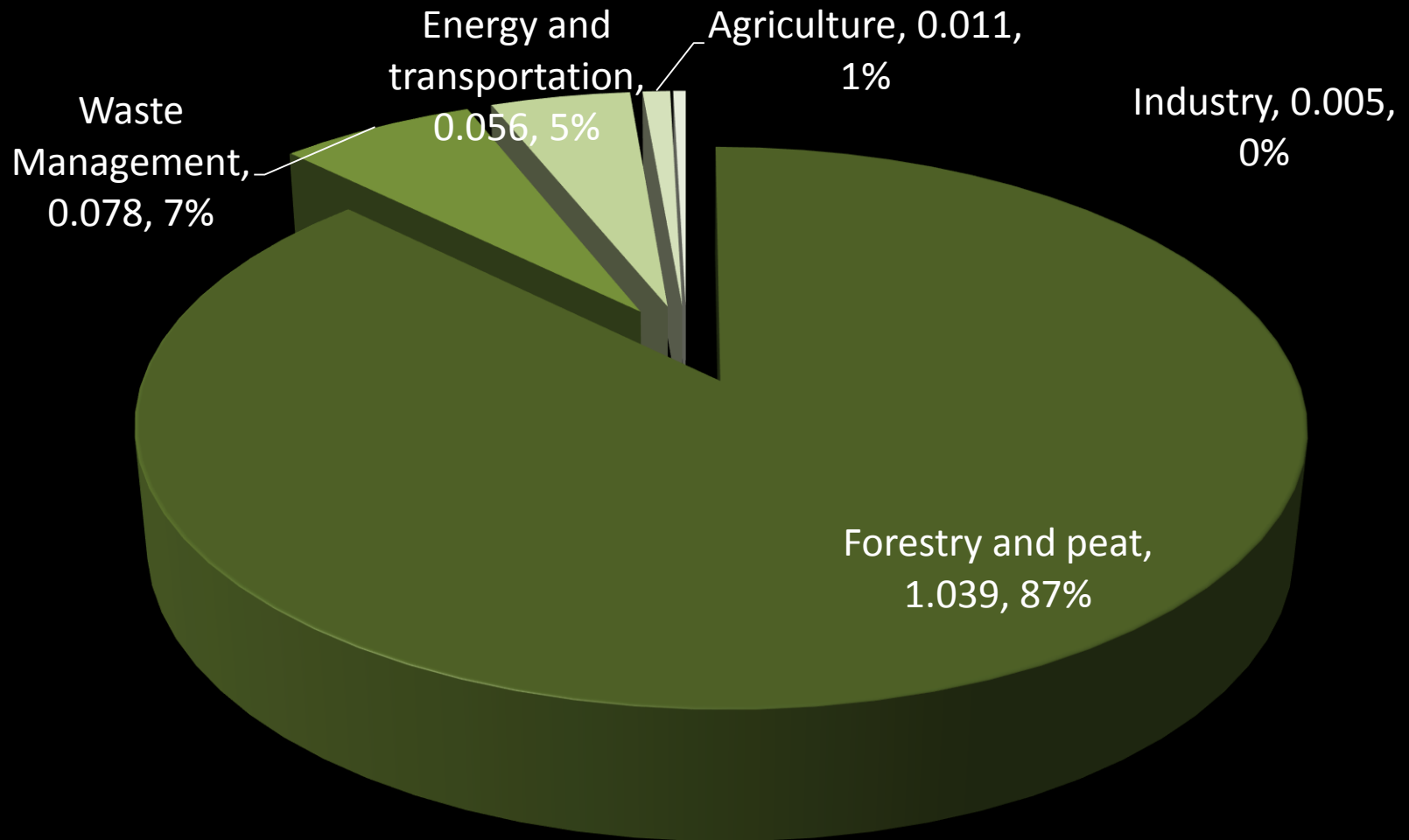
Financing REDD+ in Indonesia through FREDDI : A Work in Progress



Gita Syahrani | Institutional Design &
Legal Specialist – Funding Instrument |
REDD+ Special Team UKP₄

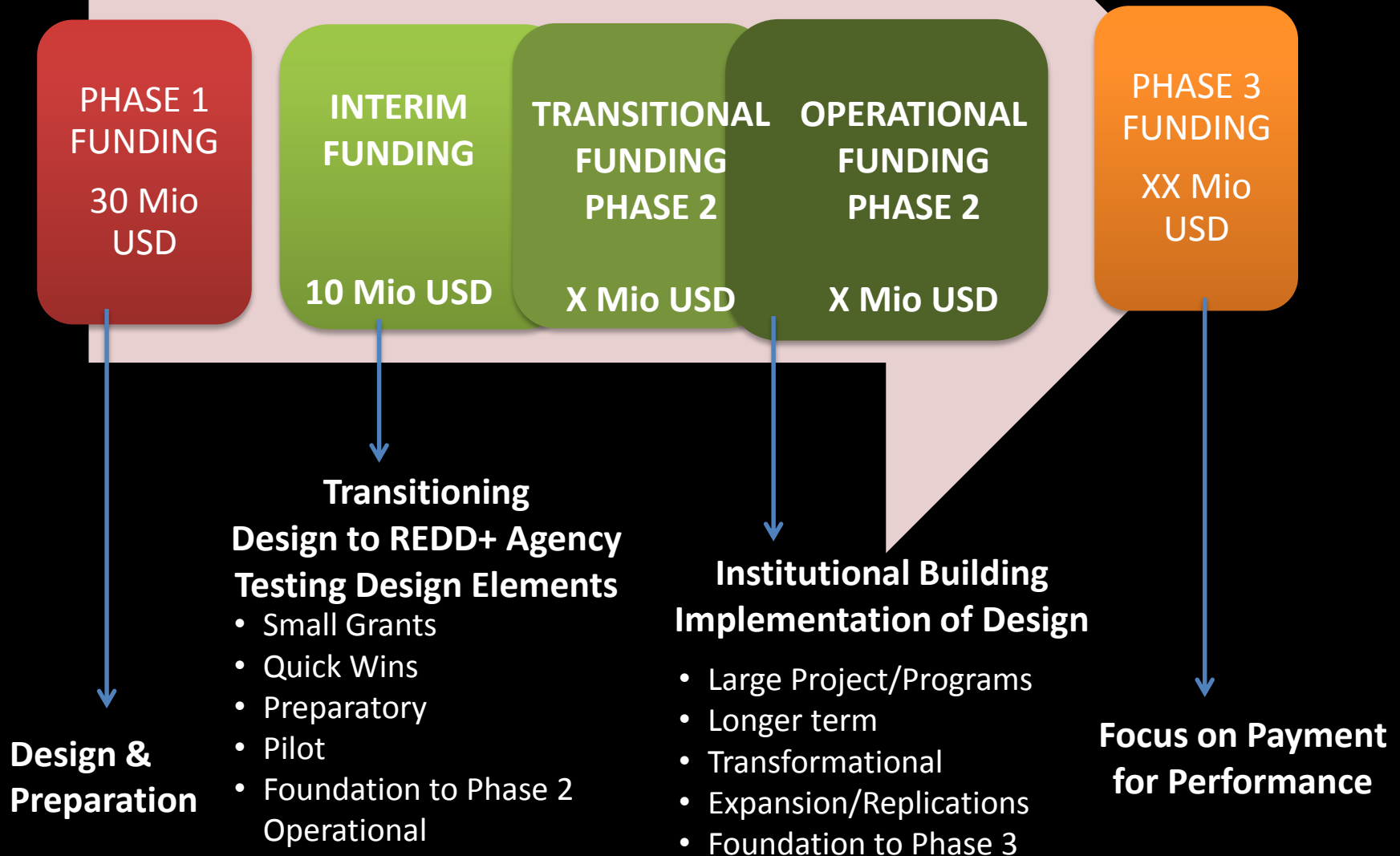
Expert Meeting on Strengthening Finance
Sustainable Forest Management through National
Forest Funds in the ASIA-Pacific Region | Bogor,
23-24 October 2013

Forestry and peat dominate emission reduction targets



In gigatons (gt, billion tons), and in percentage

Funding Strategy : A Phased Approach



REDD+ in Indonesia

- The President's announcement.
- LOI with Norway - 2010.
- Establishment of the REDD+ Task Force.
- National REDD+ Strategy
- Design and Construction of REDD+ Agency at the Ministerial level.
- Moratorium for 2 years, extended recently for 2 more years.
- One Map Initiative.
- Provincial REDD+ Strategy and Action Plan.
- Regulatory advancements, including indigenous tenurial rights.
- Landmark Kuala Tripa Case.
- Constitutional Court Decision on Hutan Adat. Design of MRV Unit.
- Design of FREDDI
 - Structural design.
 - Accreditation.
 - Business Plan.
 - Pipeline.
 - Benefit Sharing
- PRISAI, the Safeguard Protocol.
 - Links with SIS and SESA.
- MRV, RL/REL, Registry.
- Demonstration activities.

FREDDI: Design and Establishment Process as Funding Instrument for REDD+ in Indonesia



FREDDI or Fund for REDD+ Indonesia is designed as a funding instrument of REDD+ Agency that is responsible for managing, channeling and mobilizing REDD+ funds in a transparant, efective, efficient, fair and accountable in support to achieving the REDD+ National Strategy.

Presidential Regulation 62/2013 regarding REDD+ Agency defines Funding Instrument as:

“funding management instrument that is established by the Head of the REDD+ Agency to guarantee a transparant management of fund that is transparant, accountable, efective in accordance with the guidelines and REDD+ funding safeguards pursuant to the prevailing laws and regulations”

FREDDI: Fund For REDD+ Indonesia

Guiding Principles

- Effectiveness, Efficiency, Fairness, Transparency and Accountability;
- Government of Indonesia leadership in design, management and governance of FREDDI;
- Ensuring that PRISAI as safeguards are part of FREDDI operation and REDD+ Projects;
- Flexibility to finance national initiatives, provincial priorities, demand-driven proposals, and small grants.



FREDDI: Fund For REDD+ Indonesia

Overall Objectives

- Support the **emissions reduction efforts** from deforestation and forest degradation in Indonesia;
- Support the implementation of the **REDD+ National Strategy**
- Support the **institutional strengthening** and further work of the REDD+ Agency through Funding Window 1;
- Promote **payment for performance** approach;
- Provide funding that is **complimentary** to existing sources including national budget, regional budget and other donors
- Ensure that REDD+ funding is **sustainably** and effectively managed, disbursed and mobilized further.

Addressing Key Challenges :

The five pillars of the National REDD+ Strategy

Legal review, reform, and enforcement.

Institutional setting and strengthening.

Awareness raising and paradigm shifting.

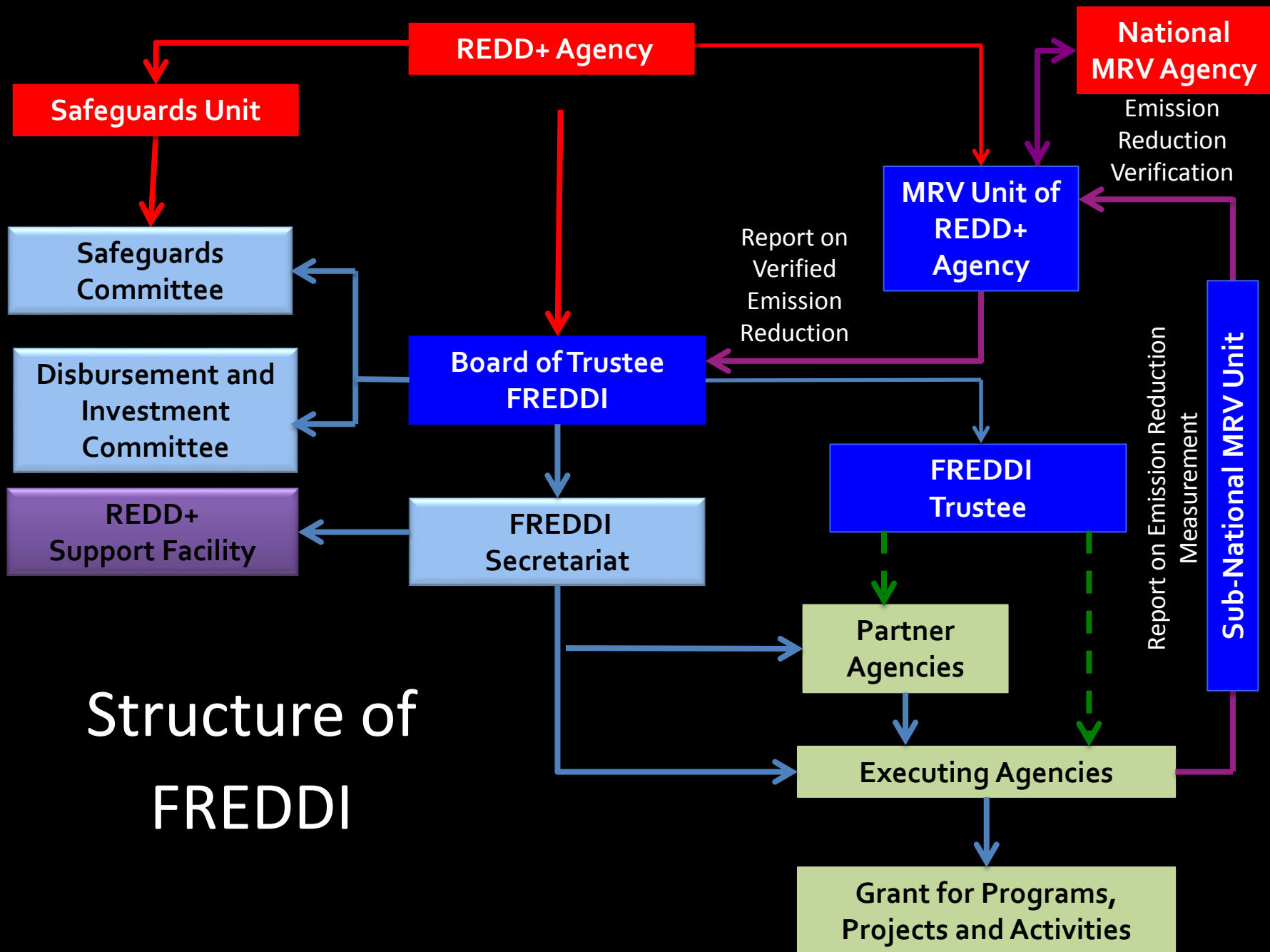
Stakeholder engagement.

Strategic programs through Sustainable landscape management; Sustainable natural resources management and Conservation & rehabilitation.

FREDDI: a “fund of funds.”

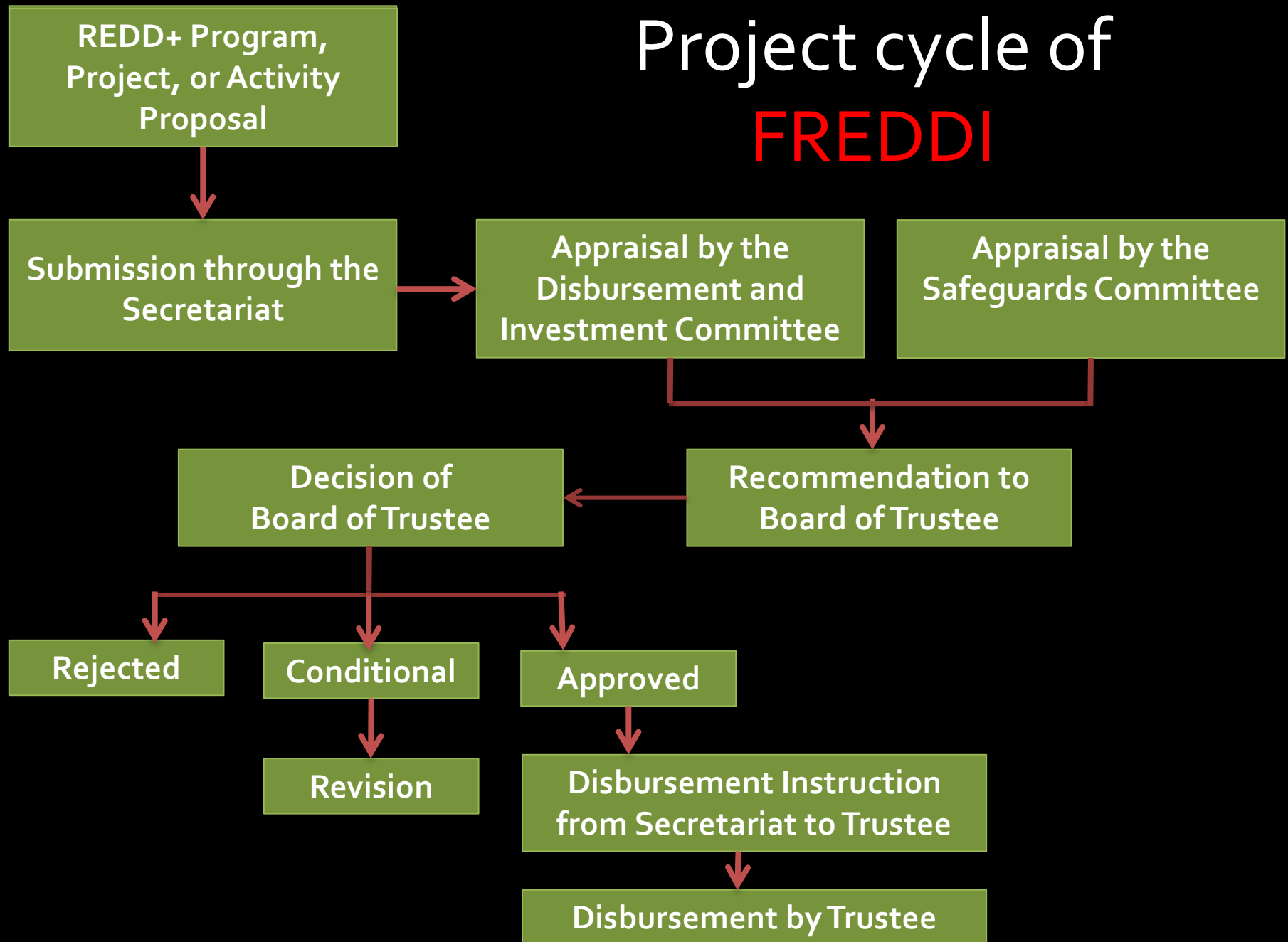


- The Trust Fund for REDD+ in Indonesia, **FREDDI**, is a fund of funds. It is a fund that invests in other funds.
- The funds underneath **FREDDI**, the subsidiary funds, can be special-purpose vehicle companies, fund managers, or collective investment agreements.
- These subsidiary funds can form joint ventures with other funds or other companies, among others, to use it as disbursement vehicles and as leverage to mobilize other funds.



Structure of FREDDI

Project cycle of **FREDDI**



Modality 1.A: Pure Grant

Final Stage of Design

Consist of small scale, medium and large grant.

Grant is channeled with the priority on readiness activities, infrastructure development and capacity building.

Modality 1.B: Performance-based Grant

Final Stage of Design

Consist of small scale, medium and large grant.

Grant is channeled based on an agreed upon verified performance covering emission reduction activities and the activities that support emission reduction target.

Modality 2: Performance Aggregator

Ongoing design process.

Applied once the MRV system is ready. Returns are expected in terms of performance units.



Sequential Modality

Modality 3: Investment

Ongoing design process.

Returns are expected in terms of monetary and performance units. Applied once the readiness, MRV mechanism and the capacity are in place and ready.

Pipeline Portfolio Development

RAN – GRK

RAN-REDD

Provincial
Strategy and
Action Plan
(SRAP)

Ongoing Initiatives
(Ministry/Agency and
ex REDD+ Task Force

Ongoing
Initiatives (DAs)

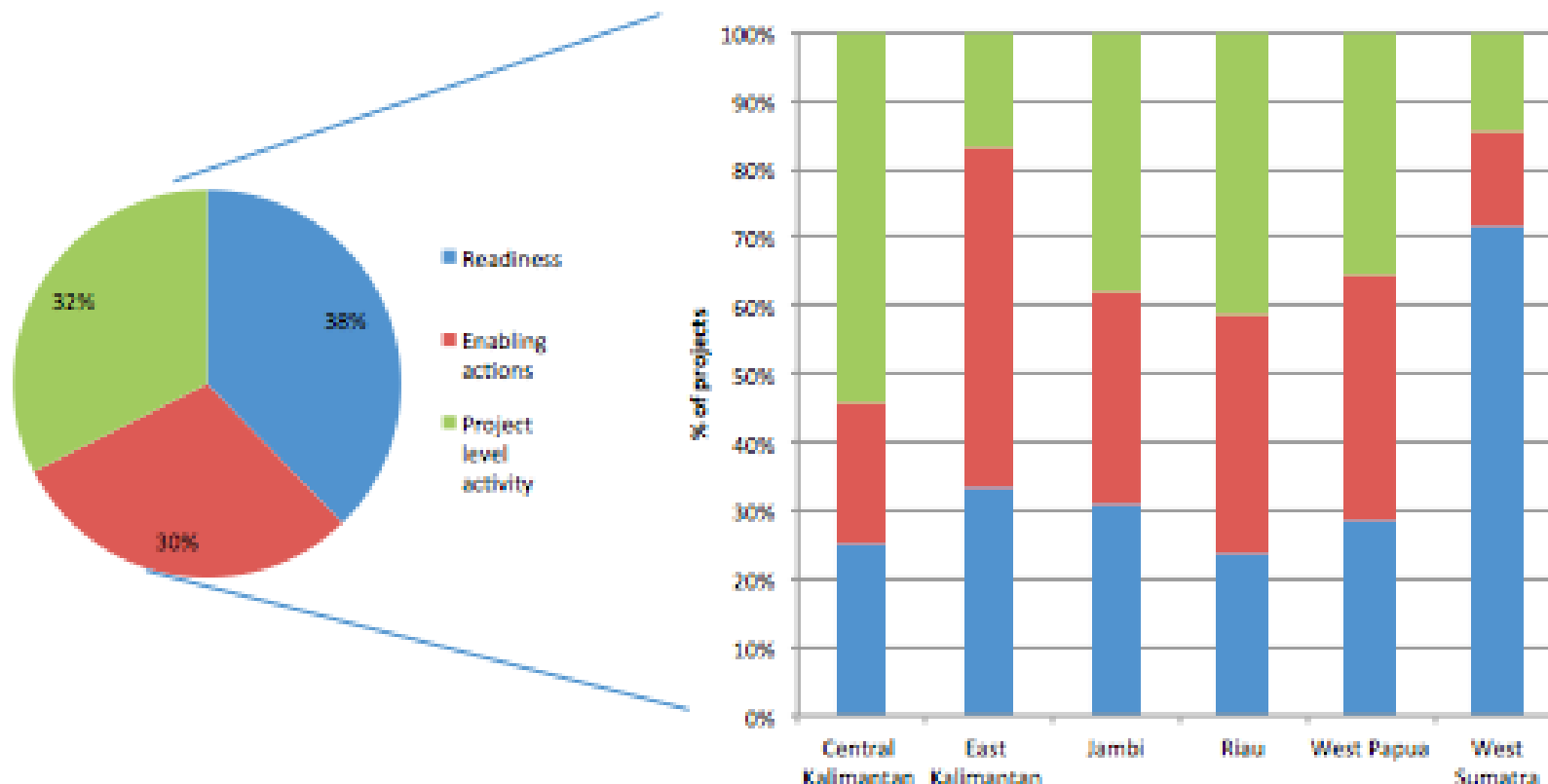
Pipeline of Initiatives



Pipeline Portfolio : Simulation of Sectoral Priority

Project typology	REDD+ Stranas Goals				Overall impact score
	Emissions reduction	Increased carbon stocks	Biodiversity	Economic growth	
Conservation and rehabilitation of peat land	High	High	High	Low	★ ★ ★
Conservation and rehabilitation of forest	High	High	High	Medium	★ ★ ★
Control and prevent fires	High	High	High	Low	★ ★ ★
Land swaps	High	High	High	Low	★ ★ ★
Sustainable Forest Management (SFM)	Medium	Medium	High	Medium	★ ★
Community forestry	Medium	Medium	Medium	Medium	★ ★
Forestry Management Units (FMU/ KPH)	Medium	Medium	Medium	Medium	★ ★
Sustainable alternative livelihoods	Medium	Medium	Low	Medium	★ ★
Sustainable agriculture	Low	Low	Medium	Medium	★
Value added downstream	Low	Low	Low	High	★
Sustainable palm oil	Low	Low	Low	Medium	★
Low impact mining	Low	Low	Low	Medium	★

Pipeline Portfolio : Activities Distribution Analysis



Activities in SRAP REDD+ are distributed evenly between readiness, enabling actions and projects

FREDDI : FUNDING WINDOWS

As support mechanisms of FREDDI in order to achieve its main objective by taking into account the pipeline development portfolio and the board array of stakeholders, scale, target and the duration of REDD+ project in Indonesia

- Strategic Window: Readiness, National Priority and Emergency Intervention
- Sub-National Initiatives
- Competitively-Selected Initiatives
- Small-Grants

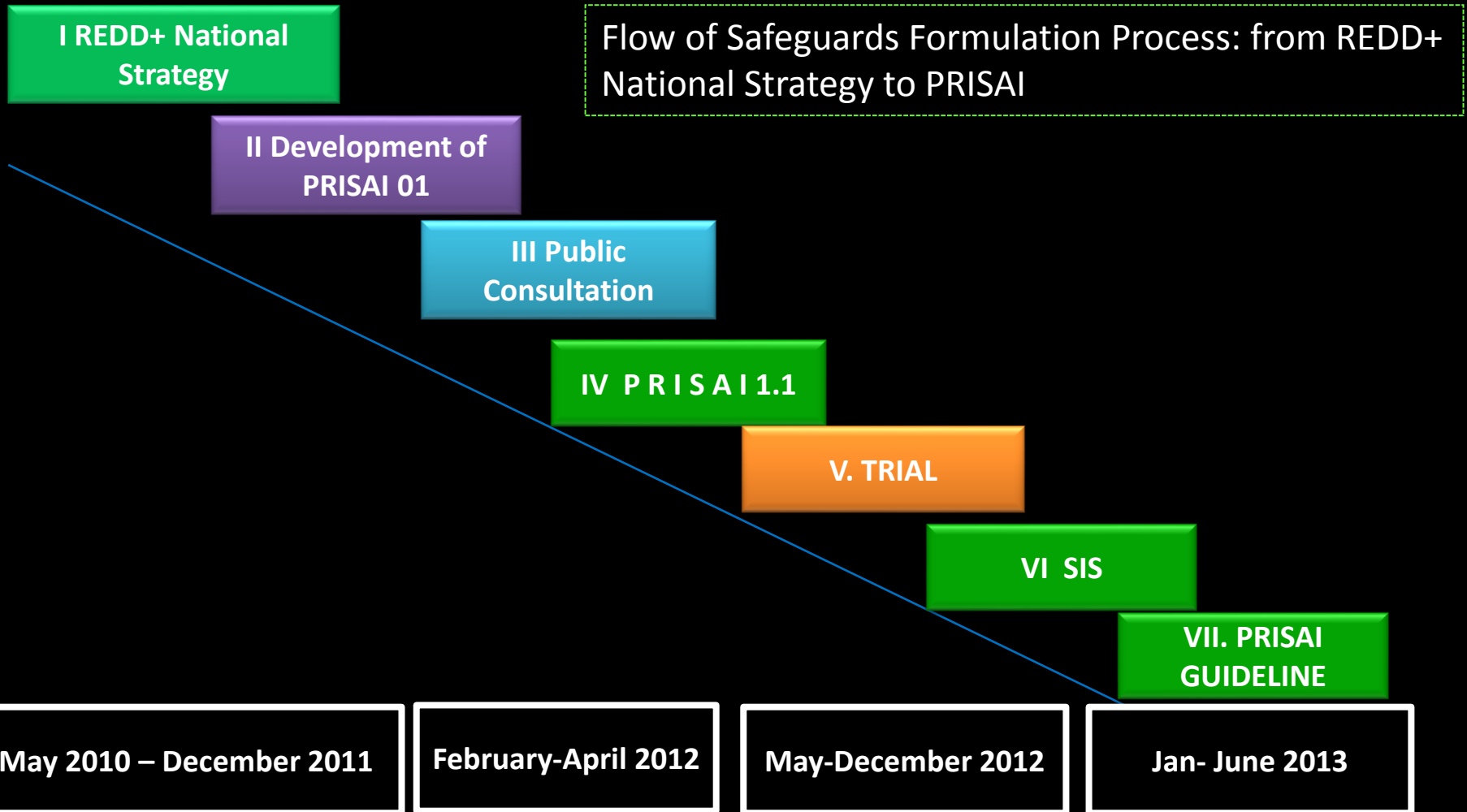


Principles of the social and environmental safeguards (PRISAI)

- 1 Clarifications of the status of tenure and land rights;
- 2 Ensuring actions complement, or are consistent with, the objectives of emission reductions and relevant international conventions and agreements;
- 3 Improvement of forest governance;
- 4 Warrants a transparent, accountable and institutionalized information system;
- 5 Respect for the knowledge and rights of indigenous people and members of local communities;
- 6 Full and effective participation of relevant stakeholders with attention to gender;
- 7 Improvement in the conservation of natural forests biological diversity, and ecosystem services;
- 8 Actions to address the risks of reversals;
- 9 Actions to reduce displacement of emissions;
- 10 Fair REDD+ benefit sharing to all relevant stakeholders and rights holders;

Formulation of Safeguards in Indonesia

PRISAI



Paradigm shifts that guide the principles for **benefit-sharing** and incentive mechanisms

Community as “disturbed neighbors” of an “REDD+ Project” that needs to be “bribed” through cash-distribution

Community as a part of, and “co-owners” of the project, being inside the project boundary, sharing responsibility as well as benefits

Benefits being defined almost entirely as cash distribution.

Benefits being defined as well-being, happiness, sustainability, with fulfilled social needs.

Benefits being defined almost entirely as derived from carbon.

Benefits being defined as carbon and other social and ecological services.

Benefits being defined using strict REDD+ Project Perspective

Benefits being defined using Jurisdictional and Nested approach taking into account variety of relevant sectors

Thank you

More information:

www.satgasreddplus.org

info@satgasreddplus.org

