World Bank Indonesia
Climate Change, Environment and Forestry Activities
November 2011

The World Bank Environment Unit in Indonesia covers climate finance, forest and REDD+ issues; climate policy, finance and green economy issues (including control of global pollutants); biodiversity protection, including marine, coral, and terrestrial; engagements with civil society; and safeguard analysis and support. This summary describes the main ongoing and planned projects.

**Climate Finance, Forests and REDD+**

**The Forest Carbon Partnership Facility** (under implementation - FCPF, www.forestcarbonpartnership.org) is a global partnership focused on REDD, sustainable management of forests and conservation and enhancement of forest carbon stocks (REDD+). A ‘readiness fund’ assists tropical and subtropical forest countries develop the systems and policies for REDD+, which helps countries get ready for future systems of financial incentives for REDD+. The Ministry of Forestry, along with the National Forestry Council, is implementing a REDD Readiness Grant (signed in June 2011) for a range of activities, which will include analytical work, management of the readiness process, and work on the reference emission level, the measurement, reporting, and verification (MRV) system.

**The Forest Investment Program** (under preparation - FIP, www.climateinvestmentfunds.org) supports developing countries’ REDD+ efforts by providing scaled-up financing for readiness reforms and public and private investments, identified through national strategies. FIP’s purpose is to finance efforts to address the underlying causes of deforestation and forest degradation and overcome barriers that have hindered past efforts. FIP investments are meant to help mainstream climate mitigation and contribute to multiple co-benefits, such as biodiversity conservation, provision of watershed services, protection of the rights of forest dependent communities, and poverty reduction through rural livelihoods enhancements. Indonesia is a FIP pilot country (one of eight) and will be developing a forest investment plan in consultation with stakeholders and in collaboration with ADB, WB, and IFC. FIP investments can complement implementation activities under the Government’s REDD+ Strategy.

**Indonesia Forest and Climate Trust Fund** – under preparation (IFC TF). This project aims to design a benefit sharing mechanism and disburse grants to participating Dayak communities in the peatland areas of the Ex Mega Rice Project that are targeted by the Australia Indonesia Forest Carbon Partnership (IAFCP) and its Kalimantan Forest and Climate Project. Community based grants, based on a participatory approach, will support livelihood activities and restoration activities on degraded peat areas. The project will also pilot test environmental and social assessment tools within a REDD+ framework. The project is grant-financed and cooperates with Ministry of Forestry, local government and stakeholders, AUSAID and BAPPENAS. The project does not include any generation of sale of carbon credits, and none are claimed by the project sponsors. However, if the international climate negotiations advance, the community will decide if it wants to develop a REDD+ project based on the experience it has made with the project.

In addition, several smaller analytical works are in progress. **The Program on Forests (PROFOR)** supports assistance to the GOI on examining financing instruments to create appropriate incentives for forest preservation at local, district and provincial level. PROFOR is a Bank managed trust fund for analytical work and technical assistance. **WACLIMAD** is a trust funded activity to assist BAPPENAS to develop a national strategy for management of lowlands, which include many peat swamp areas, and facilitating an informed policy dialogue.

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1 Mainstreaming disaster risk reduction and resilience and adaptation activities will be covered elsewhere.
In the future, the FIP Dedicated Grant Mechanism for Indigenous Peoples and Local Communities will be developed. Indonesian CSOs are participating in the design of this mechanism, which is still under discussion through a global process. This program is not in implementation in Indonesia.

**Climate Policy, Finance and Green Economy**

**Economic and Policy Analysis** to assist key GOI agencies (e.g., Finance, BAPPENAS) on climate policy issues and climate financing needs, expanding toward a broader green economic development initiative. This work includes economic impact analysis of climate policies or development plans on growth, jobs, and poverty. Products aim to improve understanding of the strategic potential of climate policies, the implications of alternative designs on outcomes, and approaches to integrate climate finance into development planning. For example, technical analysis and economic modeling contributed to a Low Carbon Development options study. The work will also consider climate change needs at decentralized level, including alternative institutional designs and including capacity development needs. (See also: World Bank Green Growth Initiative, http://www.greengrowthknowledge.org/).

The Partnership for Market Readiness is in early concept development with the National Council on Climate Change is for testing approaches and policies that help Indonesia prepare for global carbon markets and climate finance flows.

Support for global pollutants agenda under Montreal Protocol and Stockholm Convention for reducing persistent organic pollutants and ozone depleting substances, with Ministry of Environment, including:

- **Chiller Energy Efficiency Project** to promote building air-conditioning efficiency in large commercial and industrial establishments. This work contributes to Indonesia’s effort to protect the ozone layer by replacing air-conditioner chillers to shift to non-ozone-depleting technology, with significant energy efficiency improvements. The project plans innovative use of grants from the Multilateral Fund for the ozone layer protection combined with GEF for climate protection.
- **HCFC Phase Out** implementation plan continues a long-standing partnership with the Ministry of Environment in the phase-out of ozone depleting substances. These HCFCs are not only harmful to the ozone layer, but also have high global warming potential – thousands of times more potent than carbon dioxide. This project aims to introduce new technologies that replace these chemicals with non-ozone depleting substances that have low global warming potential and improve energy efficiency.

Support for green and renewable energy activities of other units, including:

- **Geothermal power development** policy support and lending;
- **Carbon finance activities** for geothermal, cement, and solid waste management/municipal landfill gas recovery.
- **Green PNPM**, which supports both community level NRM activities and renewable energy activities through grant-financed TA, capacity building and community grants.
- **Developing GEF V opportunities** potentially to include renewable energy, energy efficiency, and transport sector engagements.

**Biodiversity Conservation**

COREMAP II is the largest coral reef rehabilitation & management program in the world, is a 15 year commitment to stewardship for the long-term benefit of Indonesia. It works on building essential knowledge, skills, and governance frameworks needed at both local (district and village) and national levels to ensure sustainability.
The Aceh Forest and Environment Project (AFEP) is ending in 2011. This is a forest protection and environmental education activity funded by Multi Donor Fund for Aceh Reconstruction.

Partnerships for Conservation Management of Aketajawe-Lolobata National Park, North Maluku (Halmahera) is a small GEF financed project that will end within the next year.

Through the Global Tiger Initiative, the World Bank provides limited technical assistance and logistical support for GOI and international and domestic NGOs, gathered in the Sumatra Tiger Forum (HarimauKita) in implementing the National Strategy and Action Plan and the National Tiger Recovery Plan. This could lead to development of a larger project-based engagement with GEF funding.

Development Partners and Civil Society Engagements

FCPF Grant to Telapak (an Indonesian NGO) for study of mapping and indigenous people’s needs, resulting in a study called, “Indigenous Peoples and Climate Change in Indonesia.” The project focused on indigenous people issues, challenges, and aspirations, and developed an IP database, which were presented in a workshop in August 2011, attended by NGOs and Donors. The database includes information on the current existing indigenous communities, including history, spatial plan, potential conflict, boundaries, natural resources and institutional settings. See: http://masyarakatadat.org/.

Improving Governance for Sustainable Indigenous Community Livelihoods through activities with AMAN (Aliansi Masyarakat Adat Nusantara – the National Indigenous Peoples’ Alliance of the Archipelago) will be supported with a grant from the Japan Social Development Fund. The aim of this project is to improve the capacity of indigenous communities to participate in, and benefit from, forest policy developments by strengthening community governance, improving institutions, and promoting income generation activities. This work is proposed but not yet under implementation.

Key Counterparts for this set of activities include MOFOR, NCCC, REDD Task Force, BAPPENAS, the Ministry of Finance, and the emerging REDD+ Agency.

Development Partners include Norway, Australia, Japan, UK, USA, EC, AFD, Netherlands, Switzerland, ADB, IFC and UNDP and its partners in UN REDD, plus others providing support through global climate finance vehicles (FCPF and FIP).