

November 20, 2012

Comments from United Kingdom on the Investment Plan for Indonesia

Dear Andrea

Please see attached the UK's comments on the FIP IP for Indonesia

Many thanks

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The UK thanks the Government and the MDBs for preparing the Investment plan. We would be grateful for more detail to be provided on the following areas:

Implementation potential and institutional support: we would like to have more detail on the institutional support proposed under projects 1 and 2, "Community-Focused Investments to Address Deforestation and Forest Degradation" and "Promoting Sustainable Community Based Natural Resource Management and Institutional Development". Institutional support is focused on the development of forest management units (KPHs). As this management system is still in a very early stage of implementation, FIP projects should not be designed such that establishment of effective KPH units is on the critical path to realising project goals, as this would create a material risk to achieving the project goals.

Furthermore, the role of projects 1 and 2, "Community-focused investments to address deforestation and forest degradation" and "Promoting Sustainable Community Based Natural Resource Management and Institutional Development", in supporting KPHs needs to be justified more strongly.

We would also like clarification as to why the cost of establishing effective KPHs is not being met through national (Indonesian) resources as part of core management costs for the forest estate.

We would welcome hearing more about the lessons learnt from the piloting of the KPHs, referred to during the question and answer session on the Indonesia Plan. Details of how the pilot has been evaluated and shared with stakeholders would also be helpful.

GHG Emissions: The emissions savings are reasonable in size, but we would like detail on the methodology of calculating these emission savings, BAU and cost per CO2 tonne.

Additionality: It would be useful to understand what is expected to be attributable to this project, and what is expected to be attributable to enabling other projects to succeed, as a result of this funding creating the appropriate environment (e.g. funded by REDD finance). In addition, so as to ensure the savings attributed to the

project can be counted as additional, it would be useful to explicitly state the carbon savings would not be traded.

Project 1, Community-focused investments to address deforestation and forest degradation: the scope of Project 1 looks very ambitious and the design should strongly focus on developing a realistic set of activities that can be achieved with the available budget and time.

Project 2, Promoting Sustainable Community Based Natural Resource Management and Institutional Development: the rationale for the scope of Project 2 needs further justification, particularly the component focused on institutional and technical arrangements for REDD+ in Indonesia. Significant funding is already allocated for this purpose and the added value of FIP support needs to be explained.