



# Lessons on jurisdictional REDD+ from Berau District, East Kalimantan



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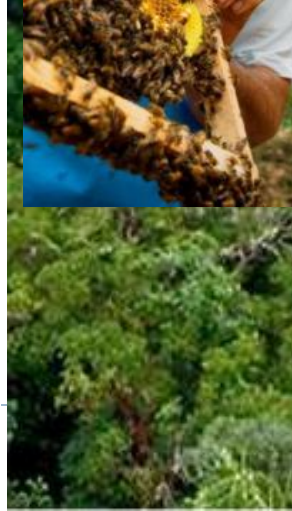


# OVERVIEW OF JURISDICTIONAL REDD+

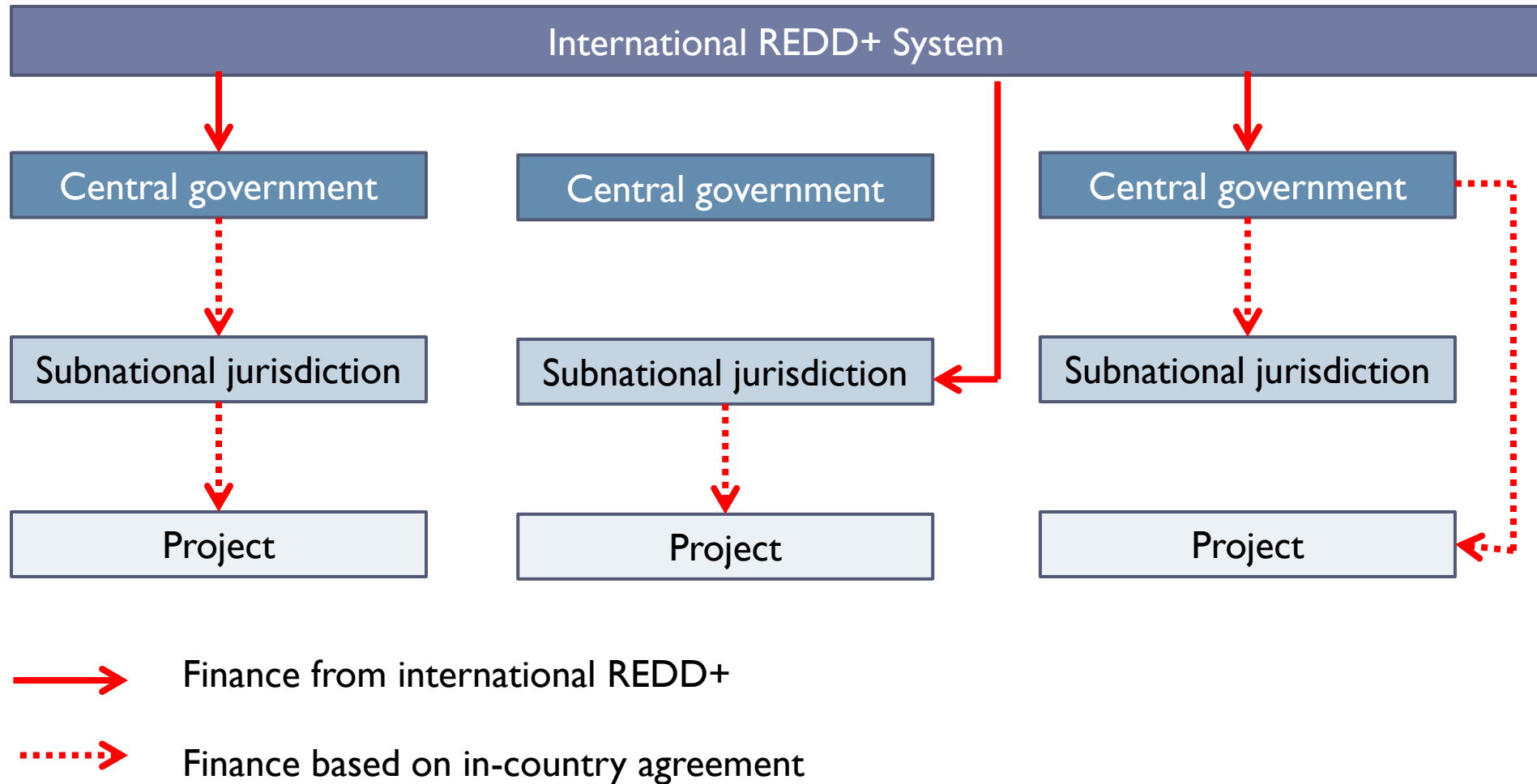


# What is a Jurisdictional REDD+ Program?

- ▶ **Jurisdiction-wide performance evaluation and carbon accounting framework** that enhances environmental integrity by ensuring consistent REL, MRV and crediting approaches
- ▶ **A jurisdictional REDD+ strategy with tight integration with the jurisdictional government** development plans, spatial plans, and operations
- ▶ **Coordination of institutions** for governance, management, and financing of REDD+ in the jurisdiction



# Choose from a variety of options for jurisdictional approaches



Adapted from Chagas et al, *Nested Approaches to REDD+: An Overview of Issues and Options*

# Consider various factors in choosing scale of jurisdiction that is best for REDD+

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## ▶ **Effectiveness**

- ▶ What sub-national jurisdiction has the most influence on carbon emissions? (spatial planning; licensing; enforcement)

## ▶ **Efficiency**

- ▶ What economy of scale issues are there?
- ▶ How many layers of administration can the national program handle?

## ▶ **Equity**

- ▶ How to avoid “top down” decision-making?
- ▶ How to avoid narrow self-interests at local level?

## ▶ **What is beyond the control of the jurisdiction?**

- ▶ Beyond control of both district and province:
  - National-level licensing in forestry
  - National level licensing in mining
- ▶ Beyond control of province
  - District-level licensing in oil palm and



# Why would a national program develop sub-national jurisdictional programs?

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Jurisdictional programs present many of the challenges of national programs but at more manageable scale

- ▶ **Could be a seed crystal:** a small single crystal that can be used to grow a large crystal through exact *replication of the whole* crystal.
- ▶ **Could be a seedbank:** a source of *individual seeds* for development elsewhere as needed or as opportunities arise.





# National programs can achieve better outcomes by actively managing jurisdictional programs

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## **Reasonable expectations:**

- ▶ Testing or accelerating existing national-level strategies or reforms (KPH; One-map initiative; SVLK; ISPO; Village Forests)
- ▶ Developing new strategies that are relevant nationally (RIL-C; Village REDD+)
- ▶ Facilitating jurisdiction-level input to national policy dialogues
- ▶ Testing mechanisms for scaling and/or replication (beyond projects)
- ▶ Documenting and sharing lessons



# SCOPING AND DESIGN



# Find a suitable jurisdiction and develop a team for program development

- ▶ **Criteria for selection of jurisdiction**
  - ▶ Jurisdictional government commitment
  - ▶ High capacity of local government, NGOs, and private sector institutions
  - ▶ A wide range of challenges that are relevant outside the jurisdiction
  - ▶ Strong potential for internal and external funding
  - ▶ Good opportunities for achieving multiple development objectives (poverty alleviation, biodiversity and environmental services protection)
- ▶ **Develop a diverse team**
  - ▶ Government—engagement of government staff from multiple scales
  - ▶ Civil society—community organizations and NGOs
  - ▶ Private sector—companies and industry associations from key sectors
  - ▶ Technical experts
  - ▶ Donor agencies—both those financing the scoping as well as potential funders of readiness phase
  - ▶ Process manager—likely a strong national or international NGO

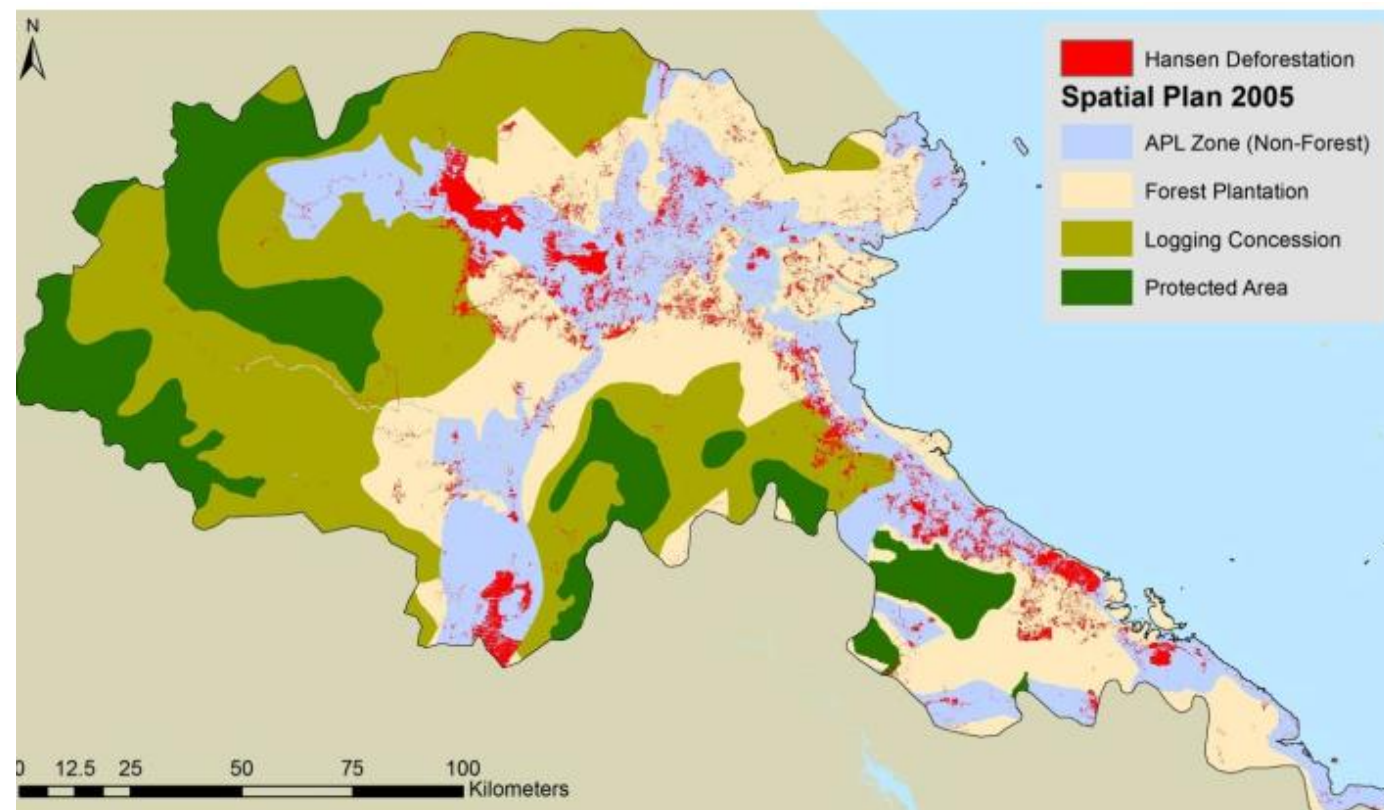
## Berau program development team



# Perform rapid assessment of the key drivers of forest loss and the opportunities to reduce emissions

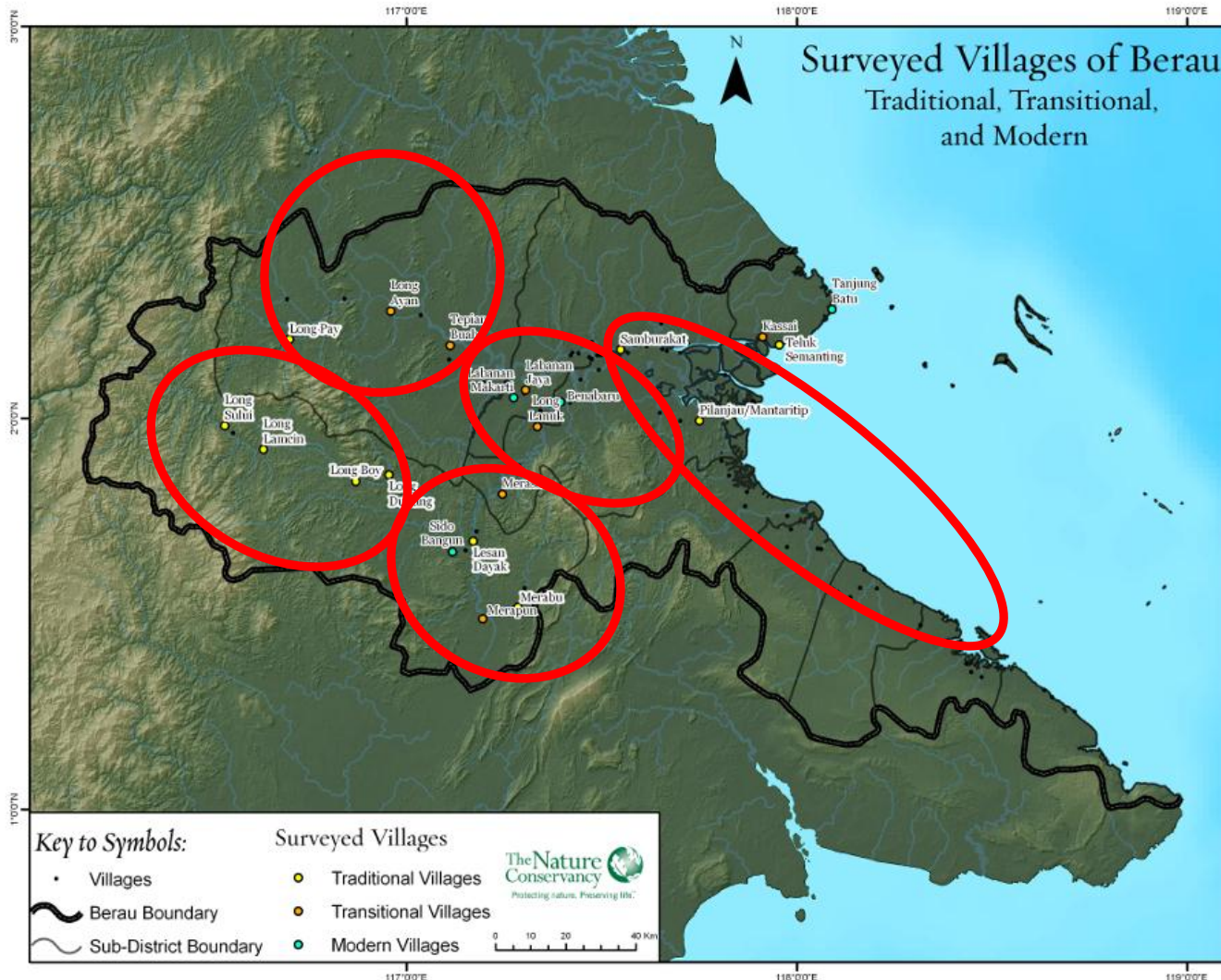
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## Sources of emissions in Berau 2000-2010



- ▶ Pattern of forest loss mostly aligned with legal conversion of forests and legal logging
- ▶ 51% of emissions from deforestation in “non-forest” area
- ▶ 28% of emissions from legal logging in natural forest concessions
- ▶ 17% of emissions from deforestation in timber plantation licenses

# Perform a rapid assessment of the socio-economic context



- A total of 107 villages; 20+ surveyed
- Total population in 2009 was 175,000 people.
- Population density of 4-5 people/km<sup>2</sup>.
- Communities in Berau vary substantially;
- BFCP is developing “model villages” in each of the zones identified





**Develop clear,  
measurable and  
compelling (but  
realistic) program  
objectives**

## Berau Forest Carbon Program (BFCP) Goals for 2015:

- 800,000 hectares of forestland under effective management
- 10 million tons of CO<sub>2</sub> emission
- Conserving critical watersheds
- Protecting the habitat of 1,500 orangutans
- Creating improved economic outcomes for local communities
- Generating experience for national/regional/global application



# Principles that emerged through program development process



- ▶ Focus on improving the well-being people and accelerate sustainable development in both short-term and long-term
- ▶ Select REDD+ strategies that reduce emissions cost effectively, provide substantial co-benefits, and develop capacity in key areas
- ▶ “No regrets” approach
  - ▶ Focus as much as possible on fundamentals of sustainable natural resource management
  - ▶ Do not push actors to overcommit given the reasonably expected benefits
- ▶ Get the phasing of program development right
- ▶ Drive creation of new opportunities with low emissions

# Develop a program approach that is flexible enough to deal with various possible future scenarios

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## BUNDLING MAINTAINS OPTIONS FOR CARBON FINANCING

Bundling simplifies program management in light of uncertainties about carbon finance arrangements internationally. Approach could be adapted to:

- Carbon market with company buyers or government buyers
- Fund-based public financing from outside Indonesia
- Internal GOI payment/incentive transfer mechanism

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## JURISDICTIONAL PROGRAM CREATES ENABLING CONDITIONS

- District-wide carbon accounting
- Development planning and licensing
- Financial mechanisms & upfront finance
- Policy work

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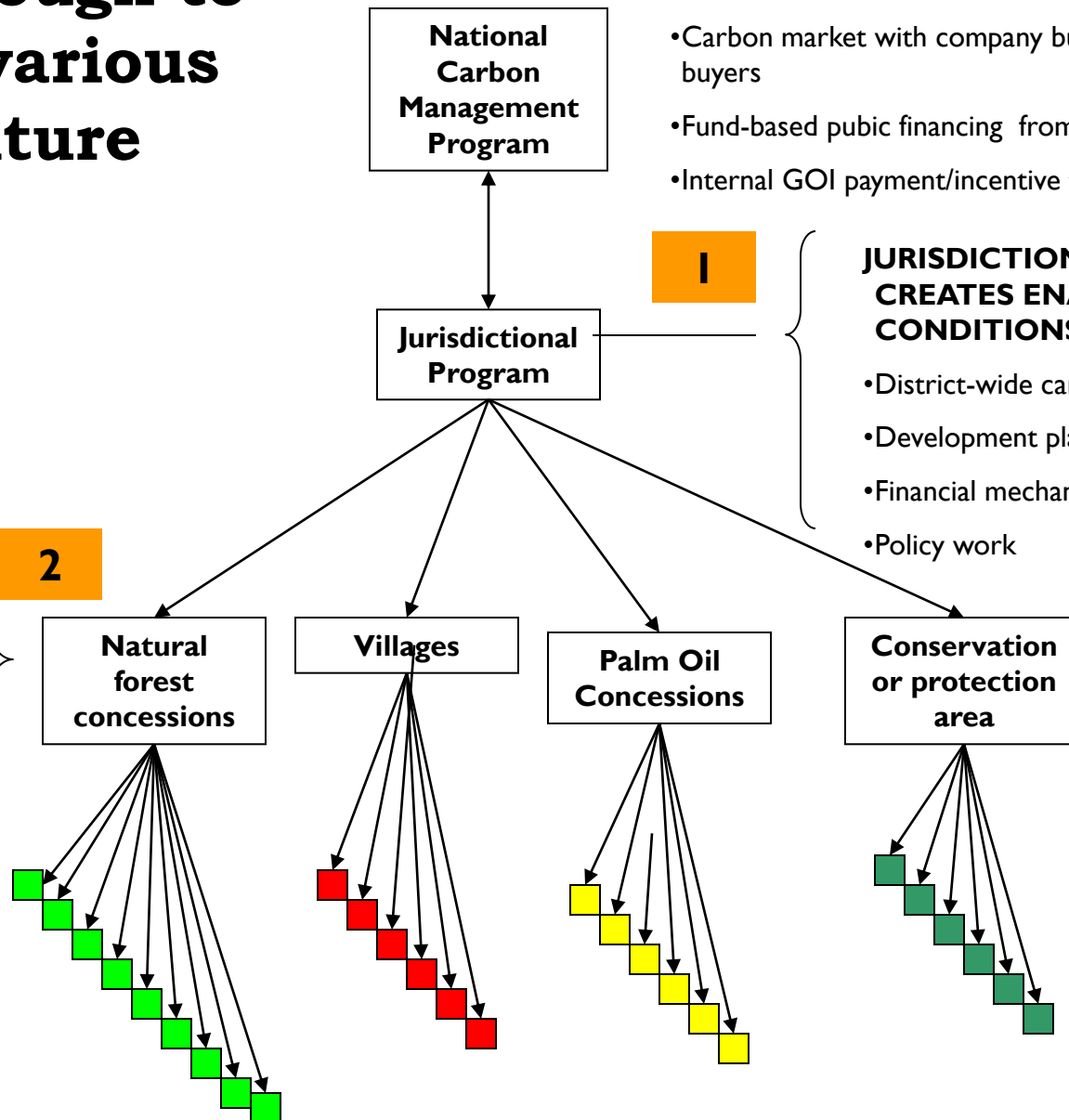
## MODEL INCENTIVE AGREEMENTS AND PROGRAMMATIC FINANCING FOR EACH PROJECT TYPE

Customized for each sector.  
Common elements

- Manager commitment to achieve performance targets (e.g. FSC certification)
- Technical assistance delivered efficiently
- Financial incentives, including operations financing and performance payments
- Streamlined regulatory context

## CUSTOMIZED AGREEMENTS

- Customized agreements are negotiated with each land manager
- Streamlined performance monitoring

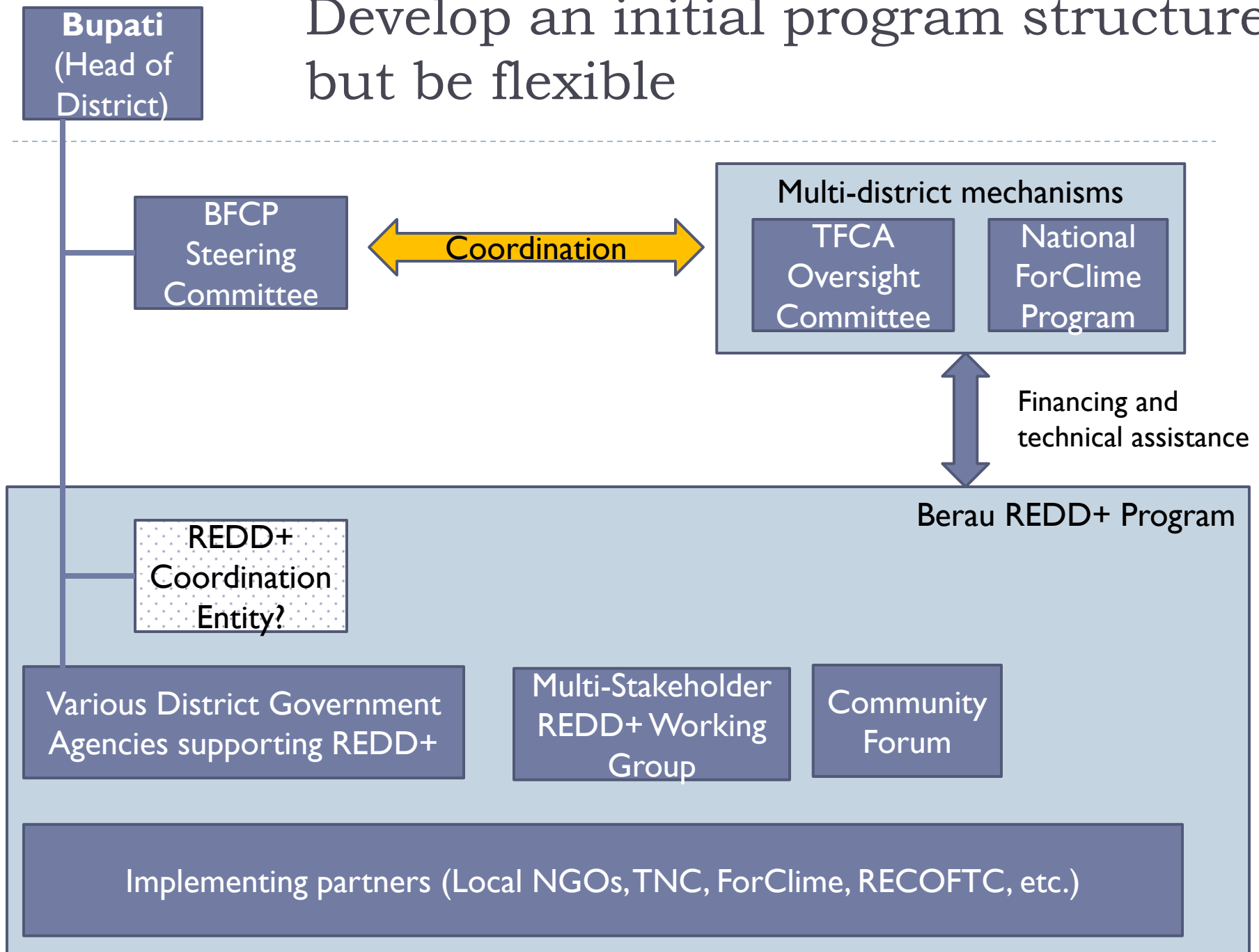


# There are short and long-term benefits of avoiding project-level crediting within a jurisdictional program

Benefit	Short-term	Long-term
Does not require full agreement on carbon rights ownership in Indonesia	X	
Does not require long-term tenure certainty at beginning of the program	X	
More flexibility in design of site-level incentive agreements to address multiple objectives	X	X
Lower transaction costs compared to site crediting	X	X
Easier nesting within national program under various funding scenarios (market; fund-based)	X	X
Simpler to design and deliver programmatic approaches for technical assistance	X	X
Genuine alternative for Indonesia to test during REDD+ pilot phase	X	



# Develop an initial program structure but be flexible

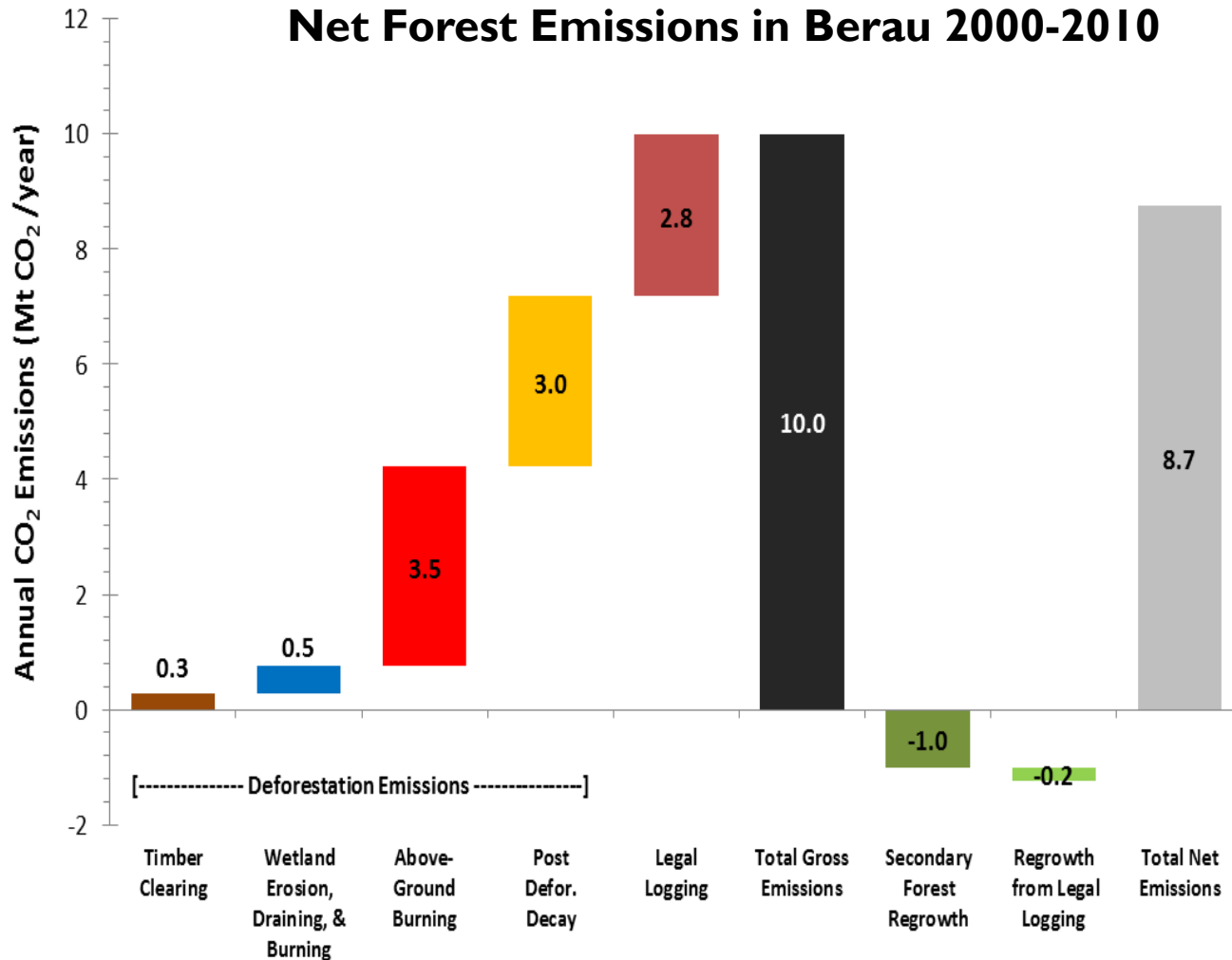




# READINESS

# Stay aligned with national program and support R&D on carbon accounting approaches

**Net Forest Emissions in Berau 2000-2010**



## Collaboration:

- The Nature Conservancy (TNC)
- World Agroforestry Centre (ICRAF)
- Universitas Mulawarman
- Dipterocarp Center
- GIZ
- CCROM
- Woods Hole Research Center (WHRC)
- Winrock International
- University of Maryland
- University of Florida
- US Forest Service

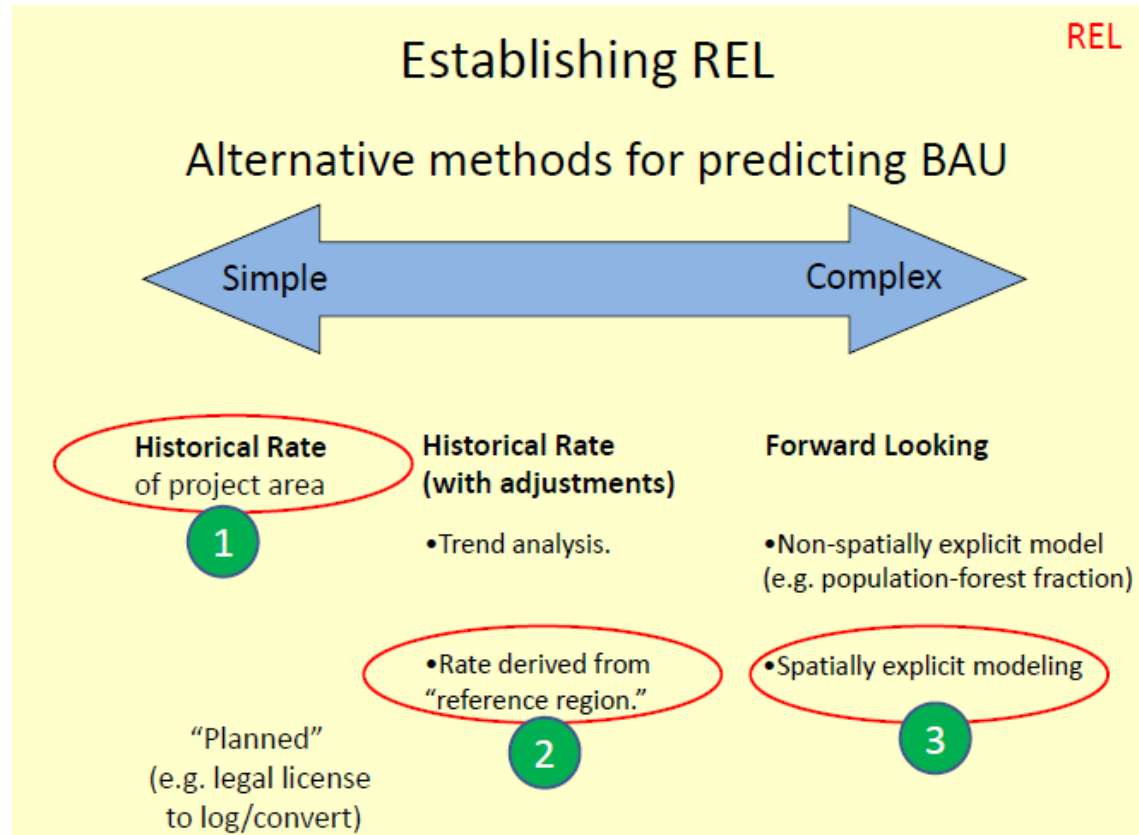
# Support science and policy dialogue on reference emission levels, but be careful on “finalizing a REL”

It is **not currently possible to “finalize” a jurisdictional REL** in Indonesia:

- ▶ No agreed methods
- ▶ No agreed approval process
- ▶ Current REDD+ regulations do not allow jurisdictional programs

Important to **develop REL options** for stakeholders to consider. To date:

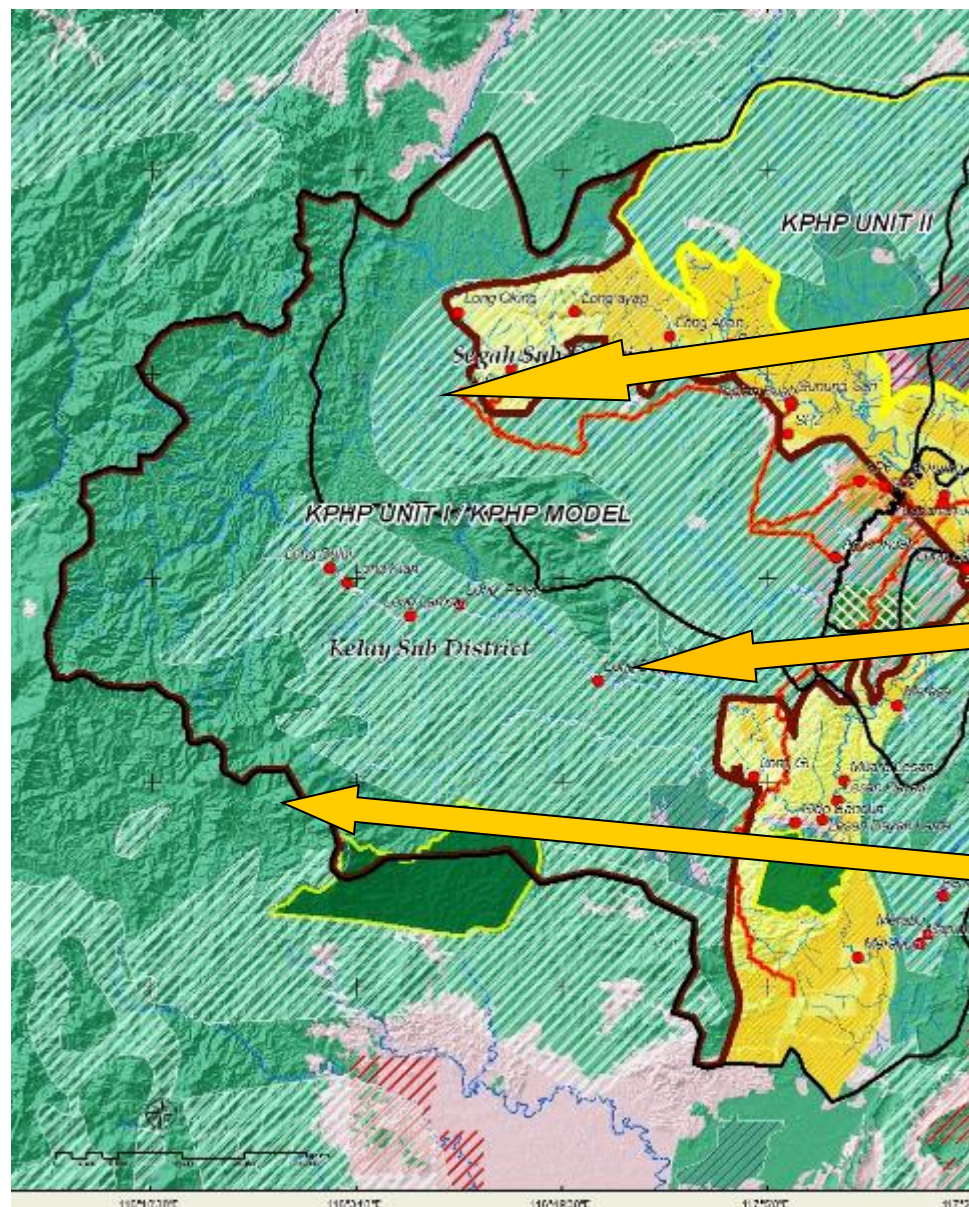
- ▶ Strict historical
- ▶ Trend
- ▶ Modeled (multiple methods)



Analysis of options for RELs conducted

# Strengthen key local management and governance institutions:

A 775,000  
hectare **Forest  
Management  
Unit (KPH)**  
**pilot** is a  
critical element  
of the approach  
in Berau that  
ties together  
multiple  
program  
components



**Logging  
concessions:**  
legality  
verification; SFM  
certification

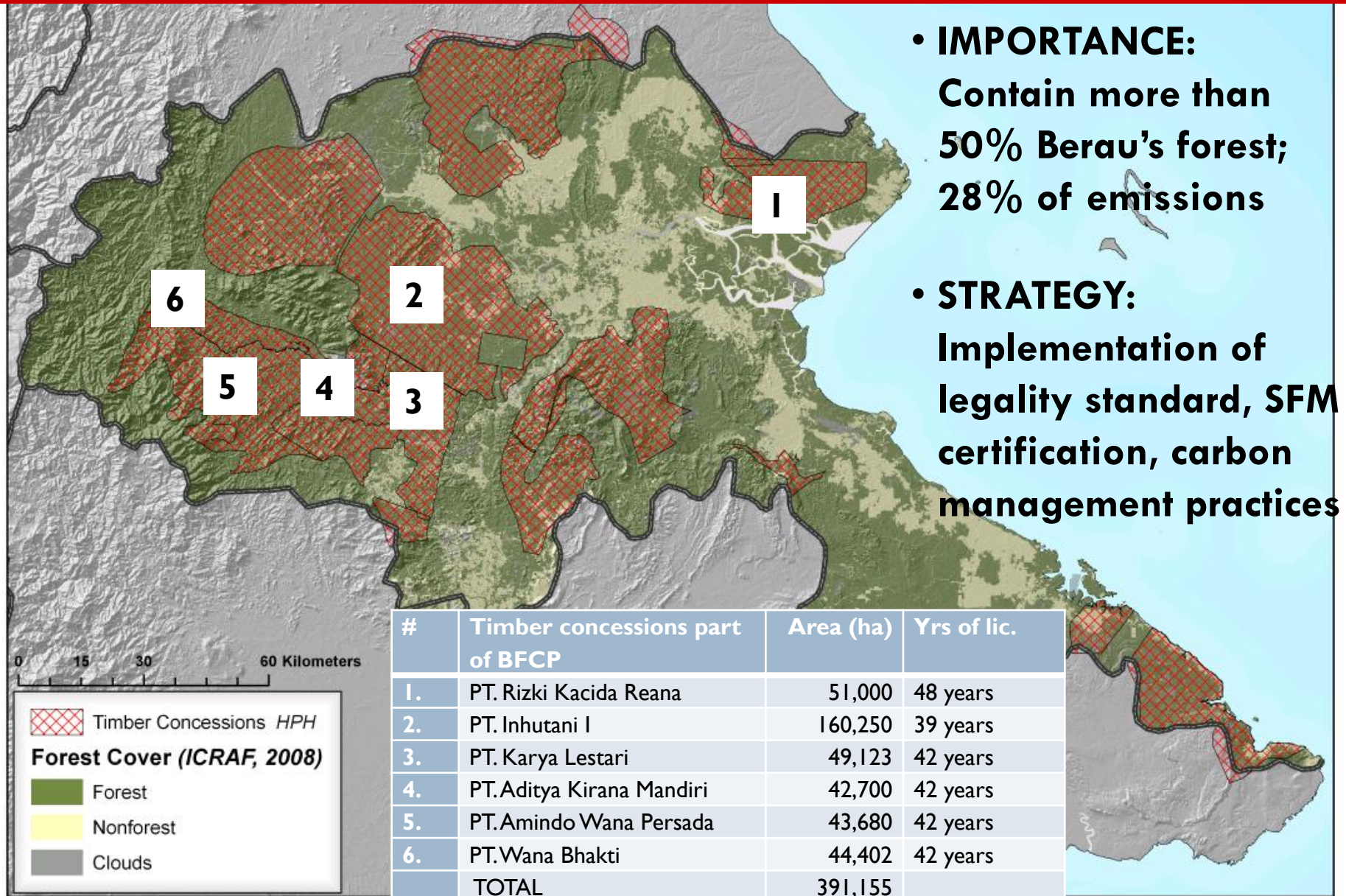
**Communities:**  
“Village Forest”  
licenses; land  
tenure  
clarification

**Protection  
forest:**  
developing  
models of  
effective  
management

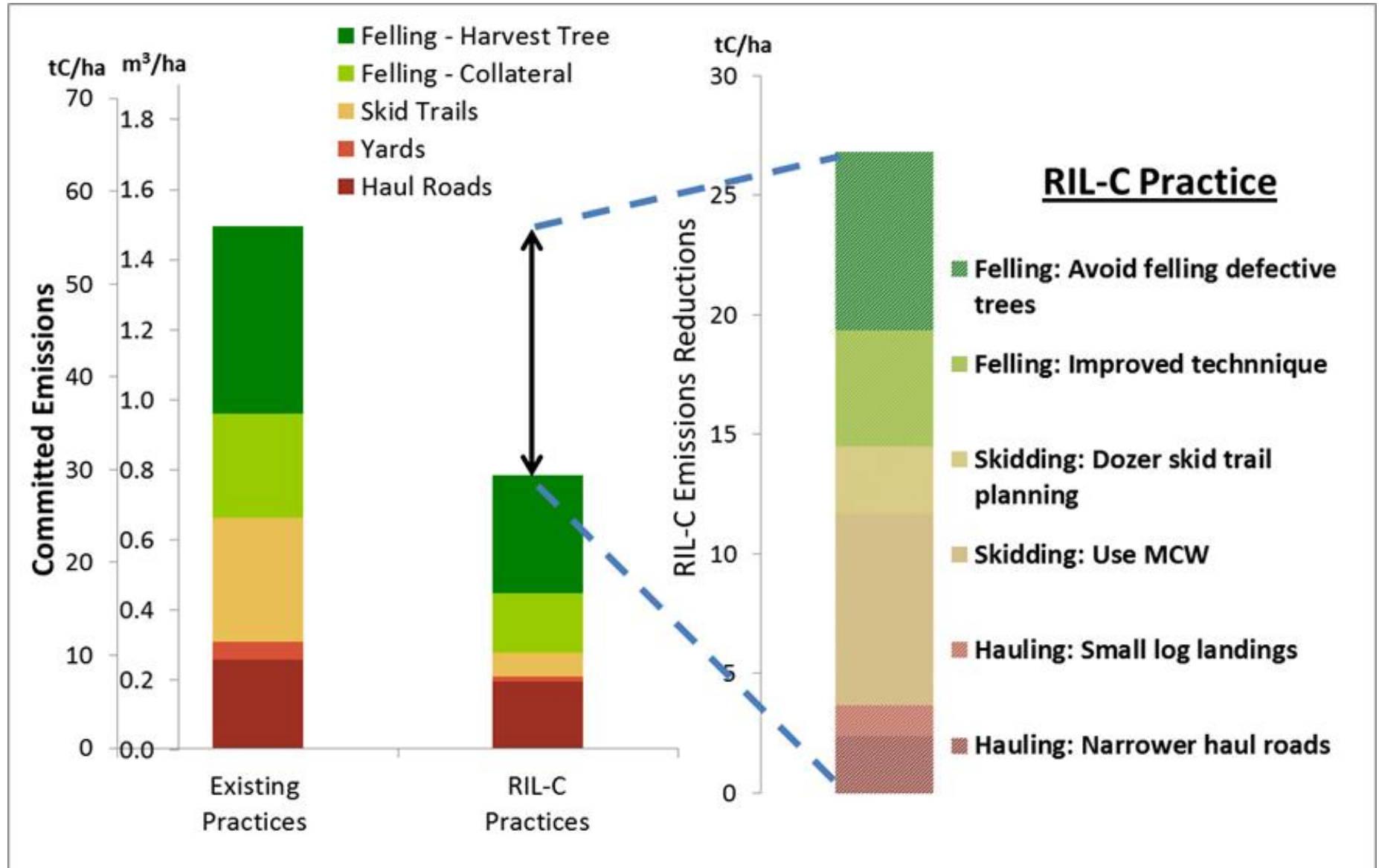




# DEVELOP REPLICABLE SITE STRATEGIES—SELECTIVE LOGGING CONCESSIONS



With improved practices it is possible to reduce emissions by ~30% without reducing harvest levels



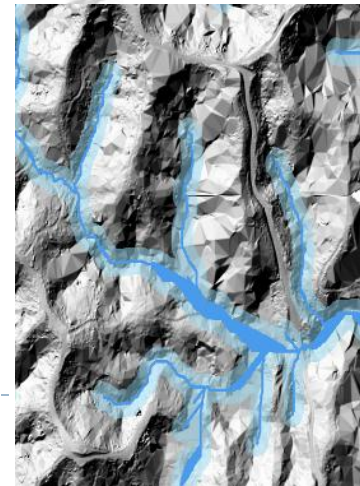
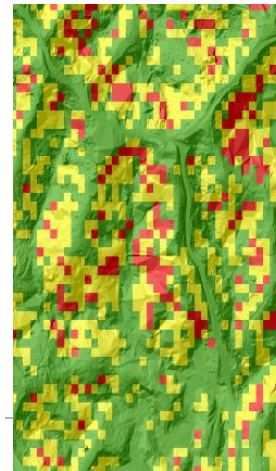
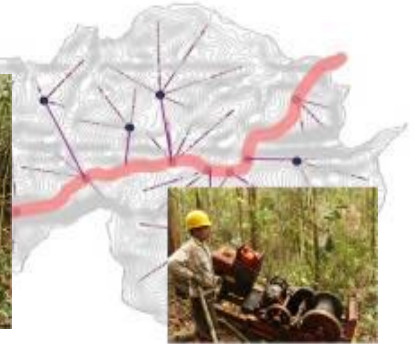


# Linking Reduced Impact Logging (RIL) to carbon emissions

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## SUMMARY OF APPROACH

- 1) Define specific “RIL-C” practices that measurably reduce emissions
- 2) Sign incentive agreements with companies that commit them to perform those practices
- 3) Deliver technical assistance to support the implementation
- 4) Third party auditing of the field implementation of RIL-C practices plus satellite monitoring
- 5) Deliver performance payments





It is important to engage local communities on program-level issues as well as at land management level

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- **Program-wide:**

- Community and CSO consultations in the development of BFCP Community Strategy (led by the World Education).
- Community participation in BFCP decision-making processes (Community Forum; linkages to Steering Committee).
- Develop fair and transparent benefit sharing mechanism.

- **Site-level**

- Focus on 20+ villages in Kelay & Segah watersheds plus 2 coastal villages.
  - Develops 'models' in 4 villages.
  - Replicate models in 16 more villages
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**BFCP village incentive agreements** link to the existing government planning framework, but lengthen the planning horizon and provide additional support for natural resource management and livelihoods

### **Visioning and Planning**

- Long-term vision for natural resources
- Medium term management planning
- Institutional development

### **Input-based payments in incentive agreements**

- Management and Institutional Development
- Mitigation and carbon enhancement
- Livelihood development ('compensation' and incentives)

### **Performance payments**

- **Output-based payments** made upon the maintenance or improvement of desirable state of natural resources.
- **Outcome-based payments** made upon the production of desirable environmental outcomes

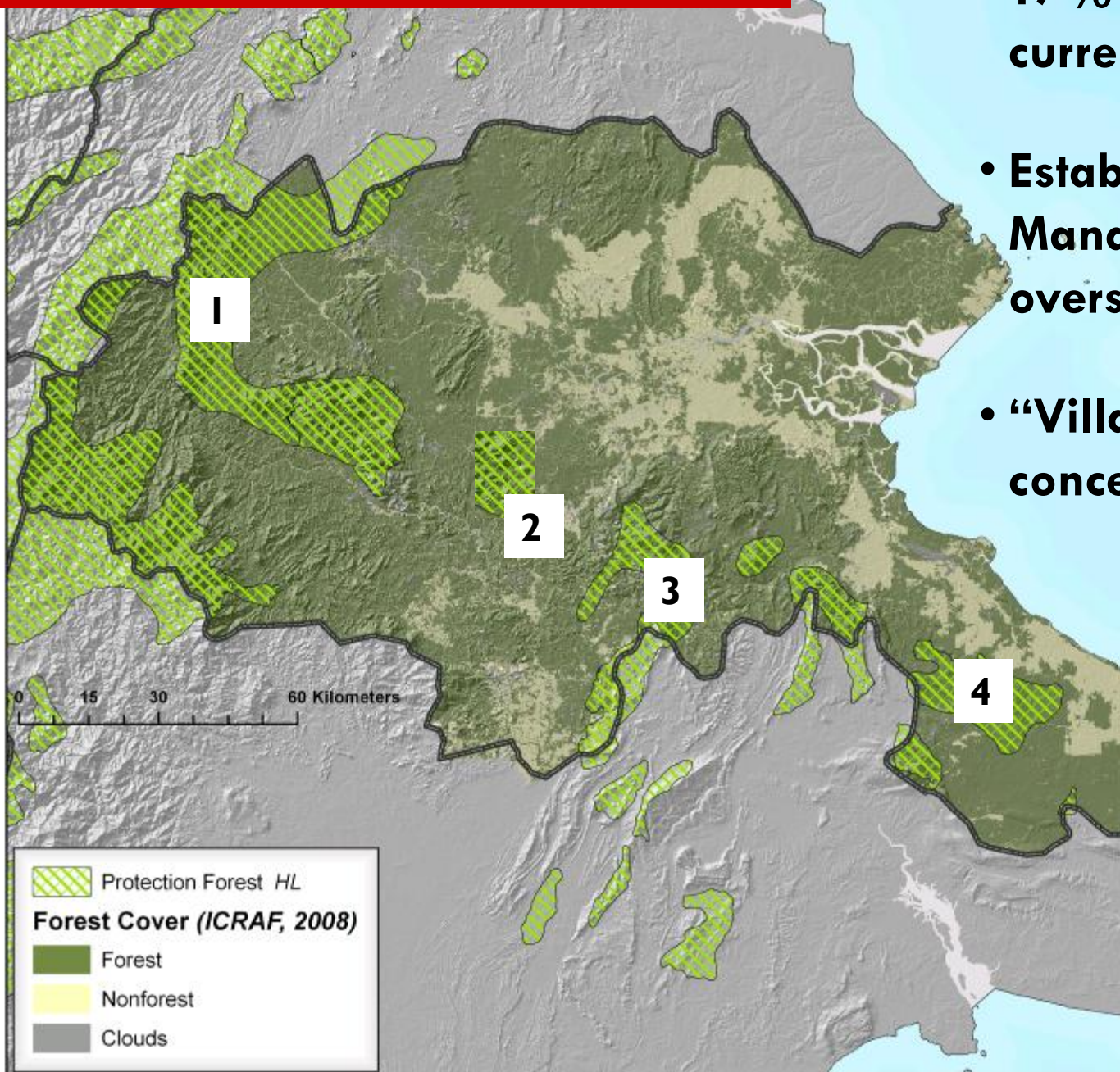


# PROTECTION FOREST

- 17% of Berau's land; currently unmanaged

- Establish Forest Management Unit oversight role

- “Village Forest” concessions



N o.	Name of Protection Forest	Size (ha)
1.	Gn. Kopoi	249,372
2.	Sungai Lesan	11,200
3.	Pegunungan Menyapa	46,315
4.	Sungai Domaring	7,224
TOTAL		314,111

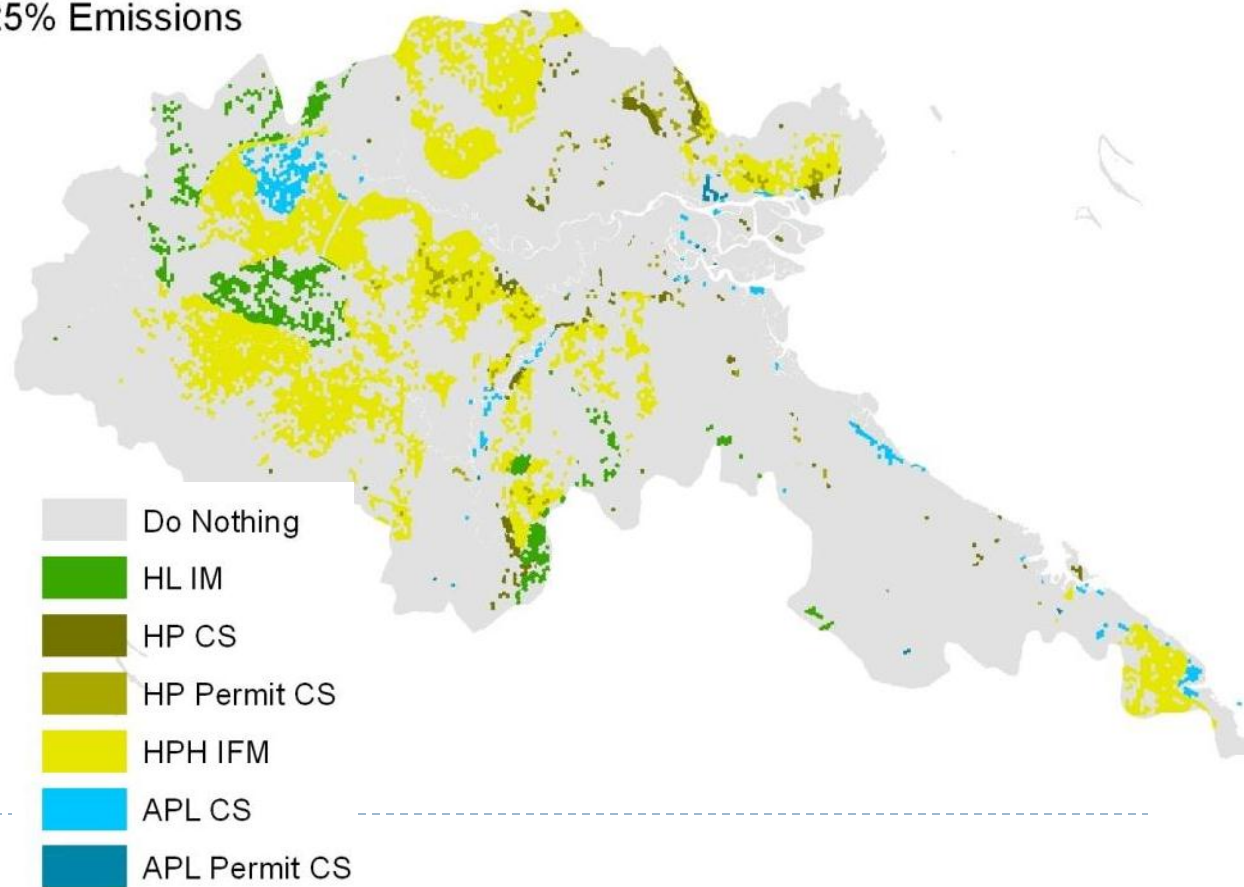
# Develop a clear approach to site selection to increase chance of satisfying multiple objectives

## Key considerations in site selection

- ▶ Legal options for where to employ strategies
- ▶ Stakeholder interests and capacity
- ▶ Benefits of employing strategies in particular places
  - ▶ Reducing emissions
  - ▶ Protecting environmental services
  - ▶ Protecting
- ▶ Costs of implementing strategies
  - ▶ Startup,
  - ▶ Opportunity, costs (to producer; to society)
  - ▶ Implementation

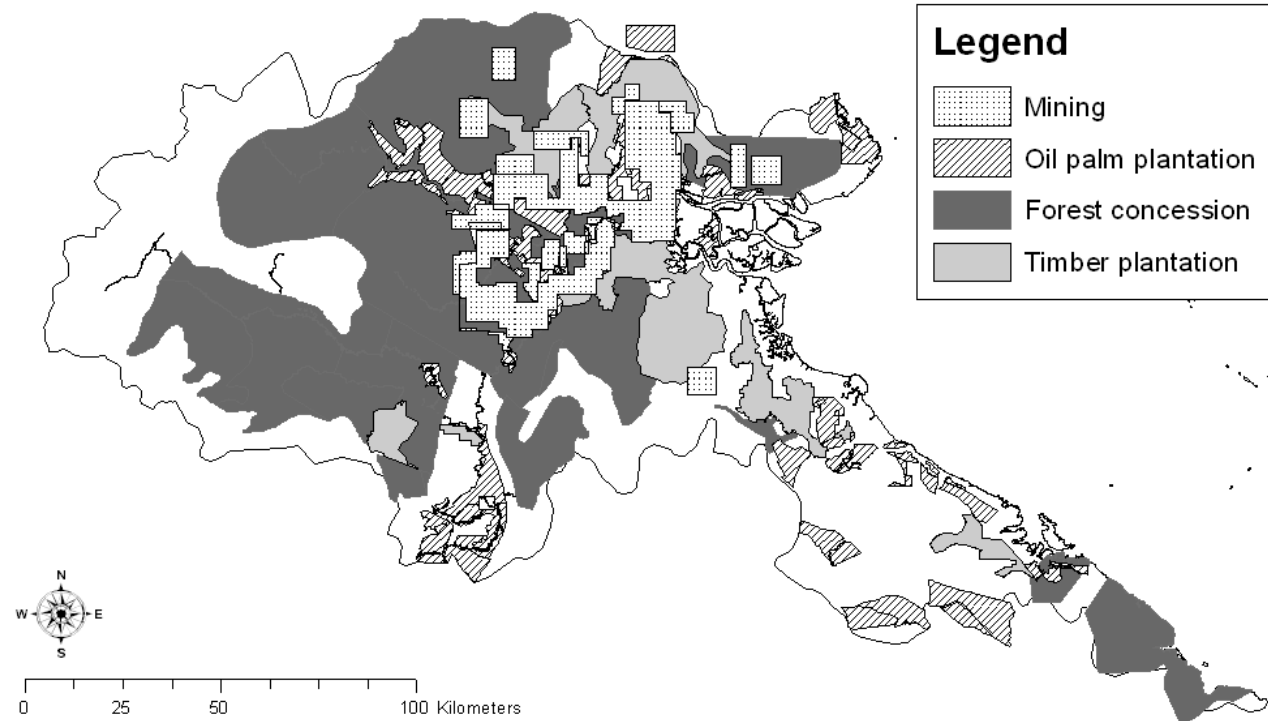
Marxan with Zones for systematic planning of lowest cost emission reductions while meeting economic and biodiversity targets—gives insight into where to apply strategies

25% Emissions



# Integrate REDD+ into development planning and licensing by considering changing suitability criteria and review processes

- Needs to be done for cross-sectoral mechanisms (spatial plan, mid-term development plan).
- Needs to be done for sectoral planning and licensing.
- Requires giving clear value proposition to jurisdiction for lost development benefits.





# Progress to date in Berau program

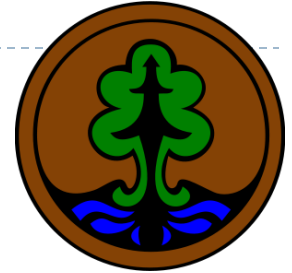
- ▶ **Program governance:** Steering Committee established; REDD+ Working Group; Community Forum
- ▶ **Analytical base:** Completed in-depth analysis of production forests, profitability of different land uses, HCVF across district, drivers of DD, laws and regulations across scales, spatial data discrepancies, etc.
- ▶ **Program design:** BFCP strategic plan developed based on extensive multi-stakeholder, multi-level consultation; helped to shape provincial-level REDD initiative in East Kalimantan.
- ▶ **On the ground:**
  - ▶ Work with logging concessions and community managed areas covering nearly 500,000 hectares;
  - ▶ Initiation of 775,000 hectare Forest Management Unit (KPH) pilot with Ministry of Forestry
  - ▶ 4 “Model villages” initiated with livelihood programs and mitigation commitments
- ▶ **Positioning:** Recognition as a national REDD+ Demonstration Activities; linked to East Kalimantan Low Carbon Growth Strategy;
- ▶ **Financing:** German ForClima; USG Debt for Nature (TFCA); Norad; TNC



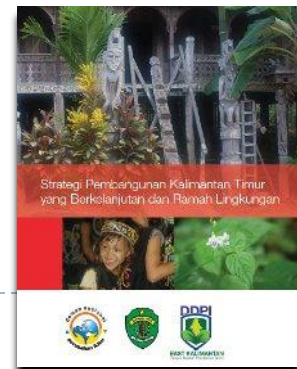
# INVESTMENT AND PERFORMANCE- BASED PAYMENTS

# Fully update and clarify roles of REDD+ / green development actors before developing performance-based agreements

- ▶ Model KPH Berau Barat
- ▶ German Forests and Climate (ForClime) Program
  - ▶ GIZ Technical Cooperation
  - ▶ KFW Financial Cooperation
- ▶ Green East Kalimantan Program
- ▶ National and Provincial Greenhouse Gas Mitigation Action Plans
- ▶ US Tropical Forest Conservation Act debt swap
- ▶ Funding through TNC
  - ▶ Norwegian Agency for Development
  - ▶ Department of Agriculture Fisheries and Forests (production forestry)
  - ▶ German Environment Ministry? (oil palm)
- ▶ Other
  - ▶ The Asia Foundation
  - ▶ RECOFTC



**Australian Government**  
**Department of Agriculture, Fisheries and Forestry**



# Develop a clear set of priorities for conservation but an adaptable approach to applying mitigation hierarchy

## LARGE LANDSCAPE PLAN

Integrated map of assets and conservation priorities to use in evaluating development plans and REDD+ investments:

### Natural capital assessment

- ▶ Forest carbon
- ▶ Watershed services
- ▶ Biodiversity

Community conservation priorities



## MITIGATION HIERARCHY



### AVOID CONVERSION

- Integrate REDD+ into development planning and licensing



### REDUCE IMPACTS

- Improve site-management practices to reduce emissions



### RESTORE

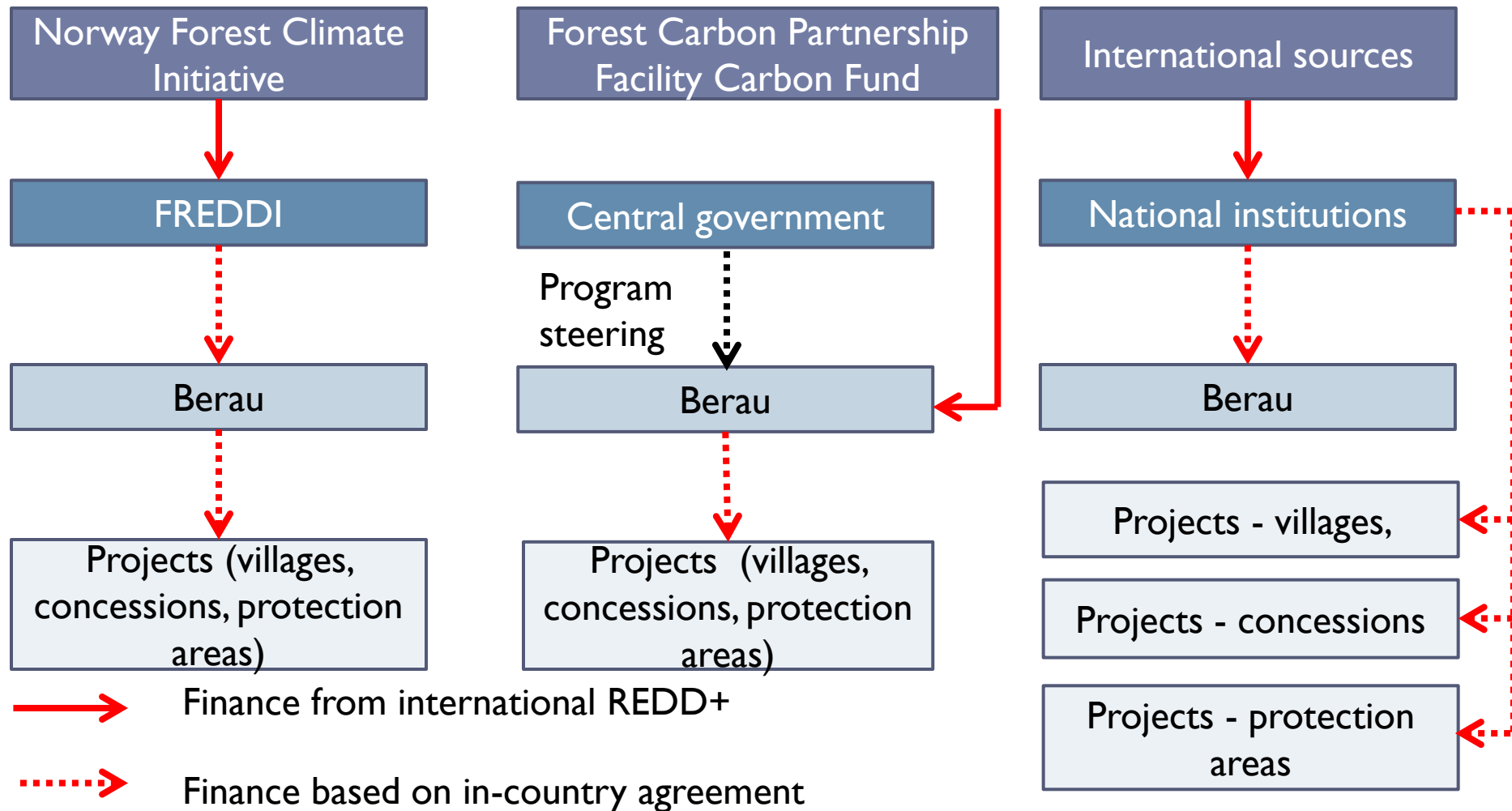
- Forests important for people and nature



For each strategy, identify key results (for performance-payments) and potential emission reductions

Area	Net CO2/yr	District program results	Site level results	Potential ER/ yr
<b>Villages</b>		<ul style="list-style-type: none"> <li># village development plans approved</li> </ul>	<ul style="list-style-type: none"> <li># ha forest under protection management</li> </ul>	Challenging attribution
<b>Natural forest concessions</b>	2,940,000	<ul style="list-style-type: none"> <li># ha under effective KPH management</li> </ul>	<ul style="list-style-type: none"> <li>Certification (legality, SFM)</li> <li># ha of RIL</li> </ul>	520,000 (slow build-up)
<b>Protection forests</b>	-50,000	<ul style="list-style-type: none"> <li># ha of Village Forest licenses</li> <li># ha of protection forest with high carbon/high threat under eff. mgt</li> </ul>	<ul style="list-style-type: none"> <li>Score on management effectiveness audit</li> </ul>	Minimal
<b>Timber and pulp plantations</b>	1,420,000	<ul style="list-style-type: none"> <li>Average C stocks in new plantation license areas</li> </ul>	<ul style="list-style-type: none"> <li>Certification (legality, SFM)</li> </ul>	
<b>Areas zoned for agriculture</b>	4,430,000	<ul style="list-style-type: none"> <li>Average C stocks in new plantation or mining license areas</li> <li># ha of agriculture land protected for carbon storage</li> </ul>	<ul style="list-style-type: none"> <li>Certification (ISPO, RSPO)</li> </ul>	1,904,000
<b>Total</b>	<b>8,750,000</b>			<b>2,424,000</b>

# Still a variety of options for jurisdictional approach in Berau



Adapted from Chagas et al, *Nested Approaches to REDD+: An Overview of Issues and Options*

# LINKAGES TO NATIONAL LEVEL

# National programs should provide coherent guidance to jurisdictional programs

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## ▶ “Need to have”

- ▶ Approach to handling carbon rights (clarifying at least for demonstration phase)
  - ▶ Is there still a goal to have an integrated national accounting system? If so, need to be careful on allocating carbon rights
- ▶ Clear approach to District REL/MRV
  - ▶ Methodological requirements or options
  - ▶ Approval process

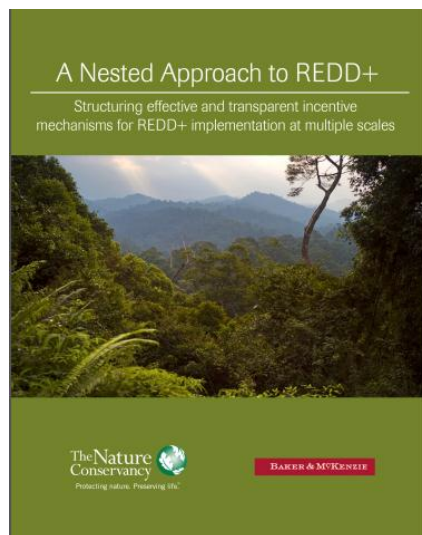
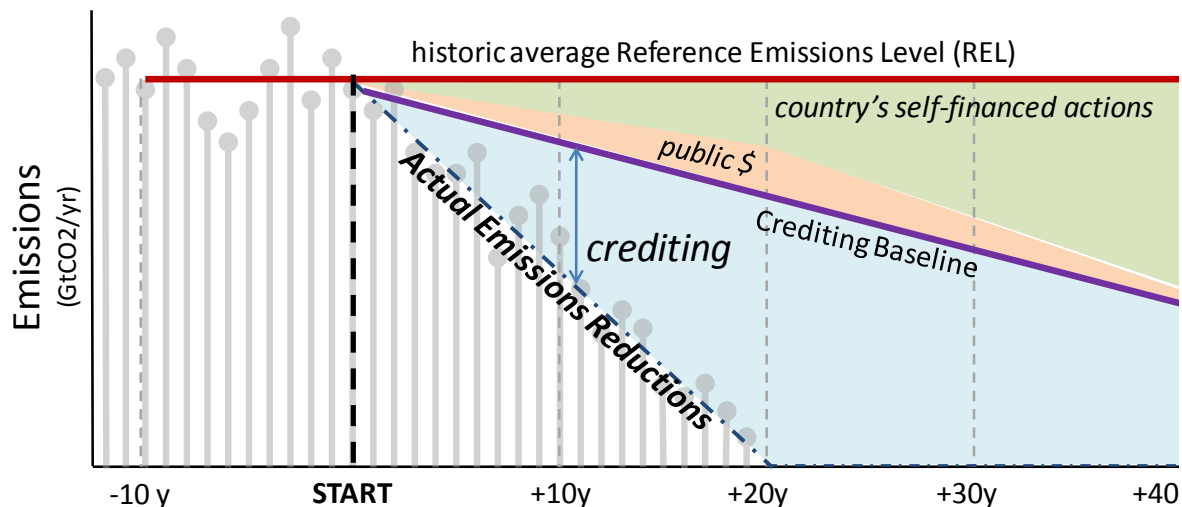
## ▶ “Nice to have”

- ▶ Overall readiness performance assessment
- ▶ Outline investment program packages for jurisdictions
- ▶ Designed incentive agreements and ready financing
- ▶ SES guidance for district programs
- ▶ Guidance for negotiation and development of commitments for jurisdictional programs



Also need to be realistic since basic questions on REDD+ have not yet been answered—stay flexible

- ▶ How will sub-national emission reductions be trued up to the national?
- ▶ How will NAMAs, donor funded initiatives, and crediting be reconciled?
- ▶ Which category would BFCP emission reductions be included in?
- ▶ Who owns the carbon in the forests in Indonesia?



Joint paper by TNC and Baker & McKenzie addresses many of the key issues in nesting REDD+ programs

THANK YOU

