

INDONESIA-NORWAY PARTNERSHIP JOINT CONCEPT NOTE

BACKGROUND

- This Joint Concept Note (JCN) is a further substantiation of the Indonesia-Norway Partnership to contribute to significant reduction in greenhouse gas emissions from deforestation, forest degradation, and peat land conversion.
 - The JCN is developed based on the principles and requirements as outlined in the Indonesia – Norway Letter of Intent (LoI) of 26 May 2010.
 - The Indonesia-Norway Partnership will evolve over time, as lessons are learned and insights generated. Therefore, the JCN, too, will be specific in the near term, while the medium and longer term (the ‘transformation phase’ and the ‘contributions for national level verified emission reductions’ phase as regards this version of the JCN) will be dealt with more generically. The JCN will be updated annually to ensure that the outputs expected in any given year are clearly specified by 31 March of that year.
 - This JCN therefore describes the expected outputs and key performance indicators of Phase one of the Indonesia-Norway Partnership that started in 26 May 2010 and will end by 31 December 2010. These key performance indicators will constitute the benchmarks for assessments by the Independent Review Group. Output 8 and output 9 is not considered by Indonesia and Norway to require independent review.

CONDITIONS

- Different phases of the Partnership targeted to specific work streams may run in parallel depending on operational exigencies, so long as the prerequisite for a subset of activities in a succeeding phase have been completed in the preceding phase with a view to expediting implementation and progress.
- The Norwegian Government is committed to provide financial contributions annually based on the assessment of the Independent Review Group regarding the Government of Indonesia’s delivery on key performance indicators as specified in this (and later year’s) JCN(s), as well as based on verified emissions reductions on the pilot province level from 2012 and nationally from 2014. It is also committed to contribute relevant political, technical and administrative support as appropriate and when so requested by the Government of Indonesia.
- This JCN is a living document, and Indonesia and Norway will revise it as the partnership gains new insights throughout the tenure of implementation of the LoI.

PHASE I “PREPARATION”: OUTPUT AND KEY PERFORMANCE INDICATORS

Output 1: Preparation for the establishment of a National REDD+ Agency reporting directly to the President. A REDD+ Task Force will be created as a foundation and to define the scope of the REDD+ Agency through a multi-stakeholder process. The Agency is responsible for leading the design, oversight, and, when deemed necessary by the Agency, implementation of a national REDD+ strategy including the two-year moratorium, coordinating all REDD+ initiatives including all international contributions, setting-up a funding instrument, ensuring appropriate

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measures to address conflict and compensation claims, ensuring the institutionalized monitoring, reporting and verification of safeguards, and strengthening local institutions to implement REDD+ initiatives.

Key Performance Indicators:

1. Presidential decree creating a REDD+ Task Force with the mandate to:
 - i. Establish a National REDD+ Agency;
 - ii. Ensure the development of a National REDD+ strategy;
 - iii. Set up a funding instrument;
 - iv. Set up an independent MRV system;
 - v. Develop the selection criteria and strategy for implementation in pilot provinces.
2. REDD+ agency's mandate, high level structure, organization design, and key internal processes are defined as described under output 1 above and through consultation with relevant stakeholders.
3. A plan to make the REDD+ Agency take over the mandate of the REDD+ Task Force by June 2011 and be fully operational by end of 2011, is in place.

Output 2: Groundwork for implementation of a two-year moratorium on forest and peatland concessions is completed to ensure implementation that is effective and has optimum social, environmental, and economic implication. It is recognized that the goal for implementing the moratorium is both to have timely on-the-ground environmental impact in reducing deforestation and forest and peat land degradation, to show the way towards environmentally sustainable land use over time, and to create an initial baseline on the critical elements of forests and peat lands as well as degraded lands (including biophysical and legal status) that is strategic to the effectiveness of the implementation of the REDD+ strategy in the future for reducing deforestation and forest and peat degradation.

Key Performance Indicators:

1. Moratorium is effective from January 1st 2011, including.
 - a. Established an explicitly preliminary baseline on forest and peat land cover as well as ownership rights, and a process for improving this baseline throughout the moratorium period.
 - b. Identify implementation policies for how the goals described under output 2 above will be achieved.
 - c. Establishment of a legal basis for the two-year moratorium providing for a legally binding commitment in the provinces, including direction for an enforcement mechanism.
2. Identification of data gaps for verification of environmental, social and economic impacts of the moratorium, and consultant(s) to address the data gaps selected and commissioned.

Output 3: Establishing the initial design for an independent monitoring, reporting, and verification (MRV) institution that will set up a system for anthropogenic forest and peat related greenhouse gas emissions by sources and removals of sinks, forest carbon stocks, and natural forest, as specified in the LoI. The MRV institution will have the following mandates:

- a. Monitoring and providing reports on land and forest covers that include annual report and more frequent reports that function as an early warning system.
- b. Providing all relevant and sound data to the public in accordance with Indonesian laws on public disclosure and right to information.

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- c. Authority to procure or to access any and all information it deems appropriate and necessary within its mandate from all official Indonesian entities as well as civil society and private sector sources and consolidate all relevant data namely activity data and emission factor data to monitor forest carbon emission.
- d. Establish and further develop national capabilities to measure and monitor activities affecting forest carbon stocks.

Key Performance Indicators:

1. Existing MRV activities identified and initial assessment on data gaps for the purpose of MRV completed.
2. Mandate, organizational structure, member roles and terms of reference for members of the MRV institution developed following consultation with relevant multi-stakeholders.
3. A clear plan for establishing an independent MRV institution by 2011.

Output 4: Put in place a temporary funding instrument appropriate for financing activities for Phase one that operates to the satisfaction of Indonesian authorities, and managed according to established international standards - including fiduciary, governance, environmental, and social safeguards.

Key Performance Indicator:

1. An interim financing instrument, operating to the satisfaction of Indonesian authorities, and managed according to established international standards, including fiduciary, governance, environmental, and social safeguards, is operational and agreed to by Indonesia and Norway.

Output 5: National REDD+ Strategy that addresses key drivers of forest and peat land related emission is completed and has been developed through a credible, transparent, inclusive, and institutionalized multistakeholder process to a level that can provide clear direction for activities in Phase two. The strategy will be open for periodic adjustments so as to better cater to the changing needs on the ground. The strategy will cover:

- a. Establishing a regulatory climate and implementation protocol including ratifying policies related to REDD+ implementation, disseminating REDD+ guidelines, and distributing benefits and responsibilities fairly.
- b. Implementing catalysts of change as needed, including reform of land use planning and sector development; reform in legal and law enforcement; improve the local economy; strengthen stakeholder involvement processes, and transparent governance processes.
- c. Reforming key sectors related to REDD+ including forestry, agriculture, and mining.

Key Performance Indicators:

1. A version of the National REDD+ Strategy that addresses and proposes high level remedies for key drivers, actors and processes of deforestation, and forest and peatland degradation completed. The strategy will be a living document for further refinement by the REDD+ Agency and will be translated into a national action plan.
2. Development of the National REDD+ Strategy follows a transparent, inclusive, credible, and institutionalized consultative process with all key stakeholders including representatives from indigenous peoples (*masyarakat adat*), local communities, Indonesian universities, the private sector, civil society, and selected Indonesian and international research institutions.
3. The strategy proposes methods for implementing FPIC and equitable benefit sharing.

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4. Transfer of ownership and responsibility of the National REDD+ strategy from Bappenas to REDD+ Task Force completed.

Output 6: Selection of the first pilot province in order to:

- a. Achieve reduced emissions from deforestation and forest and peat land degradation.
- b. Set an example for other provinces in Indonesia, including the demonstration of needed policies and institutions according to the guidelines and principles for national Indonesian REDD+ effort as described throughout this document and in the LoI.
- c. Experiment different REDD+ projects for future nation-wide implementation.
- d. Test and refine newly established institutions (e.g. REDD+ Agency, MRV, Financial Instrument).
- e. Demonstrate Indonesia-Norway partnership's commitment to address the global climate change challenge.

Key Performance Indicators:

1. Selection criteria for pilot province has gone through consultation with relevant multi-stakeholders and agreed to by all parties.
2. Pilot province selected has large intact tracts of rainforest and faces planned deforestation and forest degradation projects of a scale that will have significant impact on national emissions levels, if implemented.

Output 7: Appointing the necessary focal points in the Governments of Indonesia and Norway, as well as establishing a Joint Consultation Group, with the following mandates:

- a. Undertake diplomatic efforts for the Indonesia-Norway Partnership including to promote the Partnership and encourage other development partners to participate and contribute.
- b. Serve as a formal communication forum for Indonesia-Norway Partnership.
- c. Align expectations and develop agreements between Indonesia and Norway in implementing all deliverables related to LoI.

Key Performance Indicators:

1. Terms of Reference of the Joint Consultation Group agreed.
2. The Joint Consultation Group has the aforementioned mandate.
3. One, formal focal point for the implementation of the LoI appointed for the Government of Indonesia and the Government of Norway respectively appointed.

Output 8: Identifying an Independent Review Group, reporting to the Joint Consultation Group, to carry out annual review on the achievement of deliverables foreseen in agreed key performance indicators.

Key Performance Indicators:

1. Norway and Indonesia agree on the tender requirements, the criteria and the selection of the appropriate service provider.
2. The appointment of the Independent Review Group is in process following a transparent tender process.

Output 9: Designing a communications campaign in order to make REDD+ activities transparent, inclusive, and credible.

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Key Performance Indicators:

1. Design of a comprehensive 1-2 years, national and international, communication and education campaign completed.

PHASE II “TRANSFORMATION”

In the “transformation” phase the activities of Phase I will be continued. The REDD+ Special Agency will be fully operational by the end of 2011. The MRV institution will be established in 2011, and will ensure that the MRV system is fully operational on a national scale from 2013, in the pilot province from the end of 2011. Also, the core elements of the permanent financial mechanism will be in place no later than the end of 2011.

In addition, as specified in the Letter of Intent, efforts will focus on other national level capability building, information collection and database development, policy development and implementation, legal reform and law enforcement, as well as the design and implementation of a province wide REDD+ strategy in the pilot province. More pilot(s) could be added as appropriate and if sufficient financing is available.

Financial contributions from Norway (and potentially from other donors) will be provided annually based on the assessment of the Independent Review Group of the Government of Indonesia’s delivery on key performance indicators as specified in JCN (which will be updated in the beginning of each year for that purpose) as well as upon verified emission reductions in the pilot province. The Government of Norway and potentially other donors will also provide other support of a political, technical or administrative nature as appropriate when so requested by the Government of Indonesia.

PHASE III “CONTRIBUTIONS FOR VERIFIED PERFORMANCE” – GENERAL

By 2014, the institutional-, policy- and capability building changes described in the LoI and above in this document will largely be completed, and Indonesia will be ready to move to a national level ‘payments for verified emissions reductions’ approach, as described in the LoI.