

# **REDD+ Results Based Payments (RBP) INDONESIA**

Overview and  
Preparation for  
Provinces







We promote jurisdictional approaches to reduced deforestation and low emissions development through our sub-national collaboration of 38 states and provinces in 10 countries worldwide







# Introduction

REDD+ is a mechanism facilitated by the United Nations Framework Convention on Climate Change (UNFCCC) to reduce emissions from land use change, to support forest protection and rehabilitation, and to improve carbon sequestration.

Results Based Payments (RBP) are a fundamental element of the REDD+ mechanism, ensuring REDD+ performance is properly incentivized and rewarded and providing a revenue stream for countries to continue to implement programs and activities to reduce deforestation. RBP funds can come from various sources including governments, multilateral climate finance facilities, carbon markets and the private sector. RBP schemes are executable through bilateral or multilateral cooperation or carbon trading.

The details of the terms and conditions to access RBP vary according to specific agreements between participating parties. In general, REDD+ developers and the host country should develop the following:

- National strategies and/or action plans on reference emission (Forest Reference Emission Level - FREL)
- National forest monitoring system
- Safeguard information system
- Measurement, reporting and verification (MRV) system

Indonesia's Ministry of Environment and Forestry (MoEF) issued regulation No. 70/2017 on the implementation of REDD+, role of conservation, sustainable management of forest, enhancement of forest carbon stock and result based payment. RBP has been associated with positive incentives or payments for verified emission reductions and other benefits beyond carbon credits.

# Existing RBP Schemes in Indonesia

As of February 2020 there are at least four RBP schemes operating in Indonesia, implemented through bilateral cooperation and under UNFCCC decisions. These schemes use different reference and payment periods, contexts, and requirements as detailed in the following Table. Each scheme may be applied with different payment procedures, reference periods, payment periods and at different carbon prices. REDD+ developers should follow relevant terms and conditions to ensure the integrity of their programs/activities. RBP Performance is calculated based on emissions during the payment period compared to emissions in the reference period.

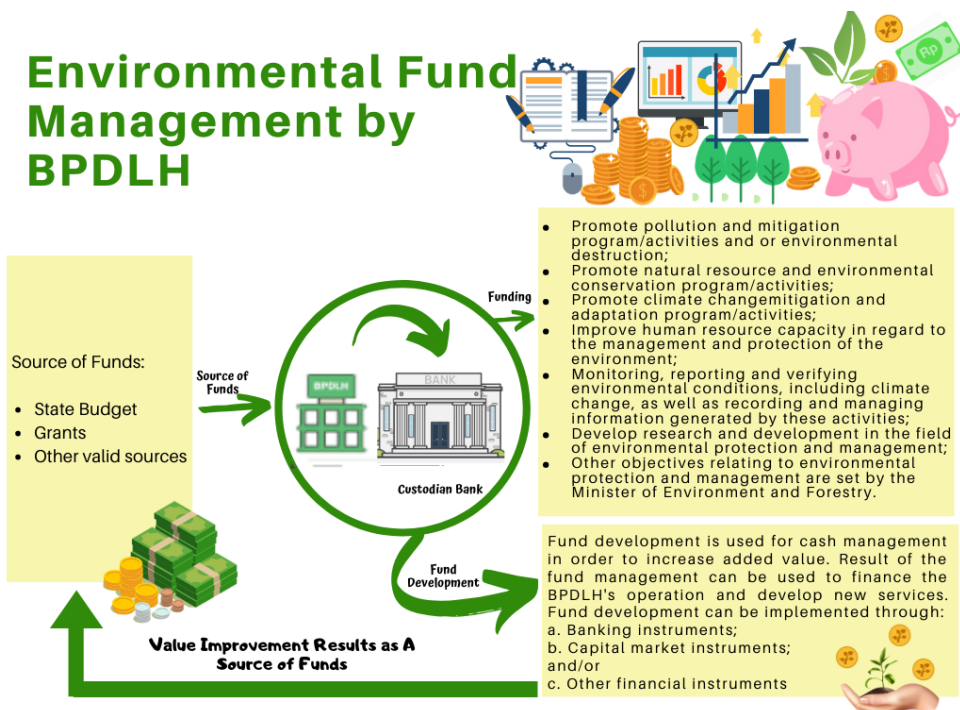
	FCPF – CF	FCPF – BioCF	Bilateral Norway	RBP-GCF
Reference period	2007 – 2016 (10 years)		2007 – 2016 (10 years)	< 2013 (max 20 years)
Payment period	2020 – 2025 (5 years)		2017 (1 year)	2013 – 2018 (5 years)
Estimation of emission reduction			11 million ton CO <sub>2</sub> eq (2017)	
Scale	Sub National: East Kalimantan	Sub National: Jambi	National	National
Carbon price			5 USD/ton CO <sub>2</sub>	5 USD/ton CO <sub>2</sub>
Status	Pre-negotiation <i>Emission Reduction Payment Agreement (ERPA)</i> and finalization of <i>Benefit Sharing Plan</i>	Preparation activities dan pre- investment	Technical negotiation	Funding proposal has been submitted



# RBP Fund Management

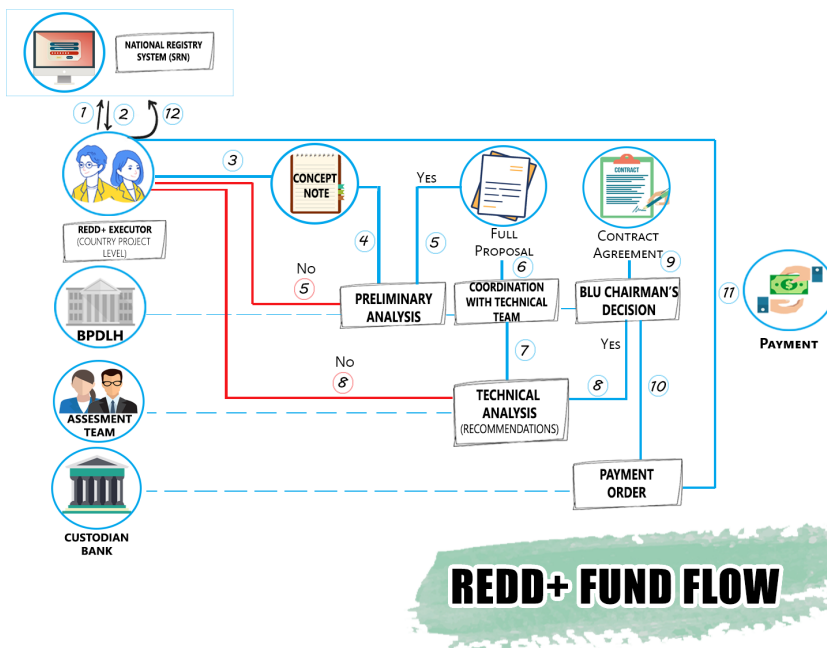
The Government of Indonesia, through the Ministry of Finance Regulation No. 137/2019, established the Environmental Fund Management Agency (*Badan Pengelola Dana Lingkungan Hidup* - BPD LH). MoEF assigned the General Service Agency for Forestry Development Financing and Funding (*Badan Layanan Umum Pusat Pembiayaan Pembangunan Hutan* - BPLUP3H) to manage revolving funds in the forestry sector, including REDD+. Following the Ministry of Finance's regulation, this issue currently is delegated to BPD LH in parallel with funding for other sectors such as energy, mineral resources, carbon trading, agriculture, coastal and fisheries and other environmental related sectors.

## Environmental Fund Management by BPD LH

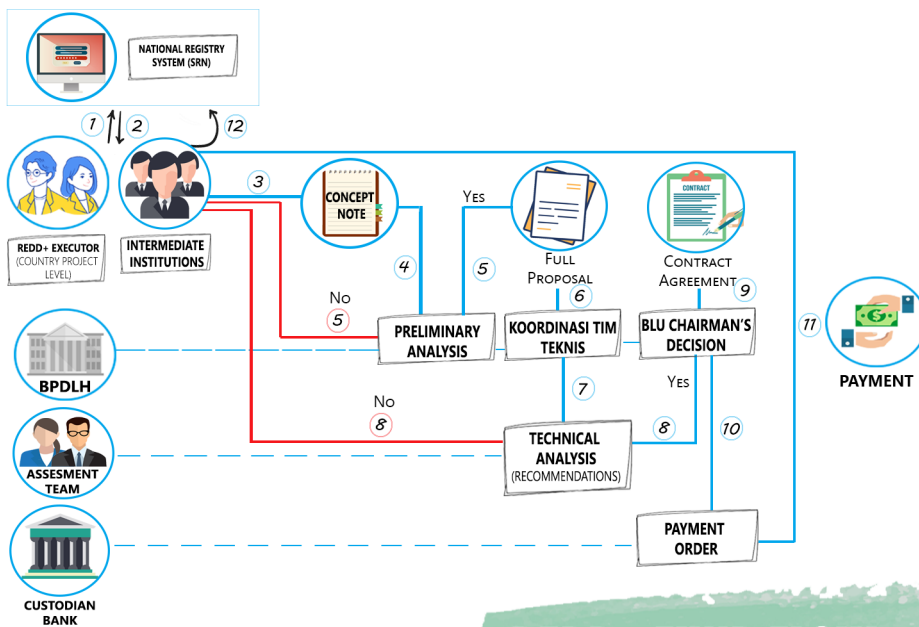


# RBP Fund Management

Disbursement of RBPs will take into account the efforts made by relevant stakeholders in achieving emission reductions. This can be both for the development of enabling conditions as well as the implementation of activities which directly reduce deforestation and forest degradation.



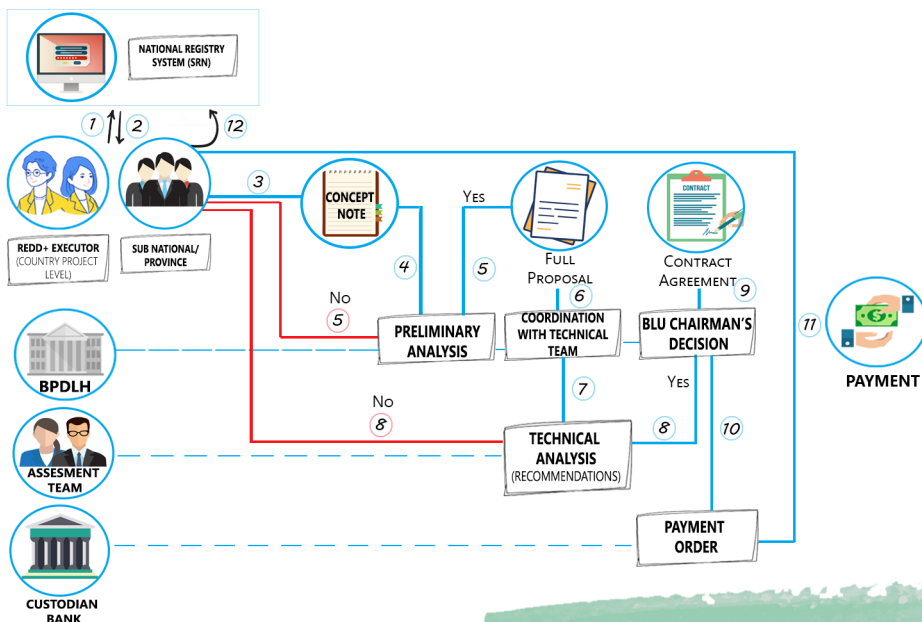
Direct



## REDD+ FUND FLOW

### Indirect (via intermediary)

*Intermediaries will have responsibilities as agreed in contract between them and beneficiaries, for example in providing report on the disbursement of funds. The contract also need to be known by the BPDH.*



## REDD+ FUND FLOW

### Indirect (via sub-nationals)





# Preparations needed at the provincial level

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## Strategies & Action Plans

Strategies and plans to implement REDD+ should be developed by each province. These plans and strategies should address issues such as strengthening enabling conditions, supporting policy implementation, clarifying institutional arrangements, and establish monitoring and safeguards systems.


## Database

A database of forest cover is necessary to calculate annual deforestation and forest degradation rates. The database is also required for FREL revisions (if necessary) to estimate provincial and national performance.

## Safeguards

In addition to the emission reductions, REDD+ developers should also follow a set of procedures to measure, monitor, and report the emission reductions, including compliance with safeguards frameworks. Provinces need to have an updated SIS-REDD+ and continuous monitoring system for implementation of safeguards.





# Preparations needed at provincial level

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## MRV System

Building from forest monitoring and database efforts, provinces will need to register their effort and report achievement in reduction of emissions at the National Registry System (SRN (<http://ditjenppi.menlhk.go.id/srn/>))

## Benefit Sharing

To access RBP provinces need to have a plan for how the REDD+ revenue will be distributed. Ideal distribution should consider equitable distribution to stakeholders responsible for the emission reductions. Benefit sharing is not restricted to cash distribution and can also take form in non-monetary benefits

## Fund Manager

RBP funds will be managed by the BPDH at the national level. Provinces and districts can assign a fund manager at the subnational level. Ideally the fund manager should have the capacity to earmark budget for specific purpose such as channeling fund to communities and other REDD+ developer(s)





**GCF Task Force**

Indonesia Country Coordinator

Delon Marthinus

[delonmarthinus@gmail.com](mailto:delonmarthinus@gmail.com)