



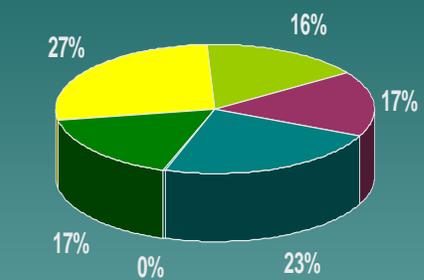
FINANCING SFM

Republic of
Indonesia



FOREST AREAS OF INDONESIA

(136.88 Million Ha: 71.20% of Total Land Areas)



■ Production Forest ■ Limited Production Forest
■ Convertible Production ■ Protected Forest
■ Hunting Park ■ Conservation Forest

- 300 Forest Concession
- 42 Industrial Plantation
- 43 National Parks
- 243 Strict Nature Reserves
- 74 Wildlife Sanctuaries
- 14 Hunting Parks
- 515 Spices Mammals
- 511 Specs Reptiles
- 1531 Spices Aves
- 270 Spices Amphibies
- 35 Spices Primates
- 121 Spices Butterflies
- 38.000 Spices Floras

CONTRIBUTION TO ECONOMY

	2005	2006	2007	2008	2009
PDB (%) *)	0.98	0.91	0.91	0.81	0.80
Export (Billion US\$)	3,7	5,5	6,1	6,7	6,6
Employment (Million household)	2,40	2,65	2,79	2,76	2,75

-*) Not Including wood processing and pulp & paper industries

ACHIEVEMENT TOWARD MDGs

- ◆ Forest Cover: 59.70 % (1990) to 52.43 % (2008) Areas for Biodiversity Conservation: 26.40% (1990) to 29.31% (2010)
- ◆ Endangered Species (2010),
 - Borneo Orangutan: 54.457
 - Sumatera Orangutan: 6.667
 - Sumatera Rhino: 180
 - Java Rhino: 60
 - Sumatera Elephant: 2.400
 - Borneo Elephant: 60
 - Sumatera Tiger: 300
- ◆ Emission Reduction of GHGs: 14% out of 26% 2020 target.
- ◆ Poverty alleviation
- ◆ Job creation (forestry industries, GERHAN, national tree plantation movement)

FOREST COVER



NATIONAL FORESTRY PRIORITIES (2010-2014)

1. Forest Area Management
2. Degraded Forest Rehabilitation and Watershed Capacity Development
3. Forest Protection and Forest Fire Management
4. Biodiversity Conservation
5. Revitalization of Forest Utilization and Forestry Industries
6. Empowerment of indigenous peoples and local communities
7. Climate Change Mitigation and Adaptation
8. Institutional Capacity Development

NATIONAL STRATEGIC PLAN (2010-2014) 1 of 2

National Targets	The 4 GOFs			
	G1	G2	G3	G4
Forest Boundary: 25K Km	•		•	
FMU Development on 33 Provinces	•		•	
Forest Plantation: 2.65 M Ha	•	•	•	
Forest Concession and Ecosystem Restoration: 2.5M Ha	•	•	•	
Certification and Timber Legality: 50% increase	•	•	•	
Forest fire hotspots: 20% per year decrease	•			
Forest encroachment, illegal logging and wildlife trafficking : 5% decrease	•		•	
Biodiversity and ecosystem management in 50 National Park and 477 other conservation forest	•	•		

NATIONAL STRATEGIC PLAN (2010-2014) 2 of 2

National Targets	The 4 GOFs			
	G1	G2	G3	G4
Watershed management integrated plan: 108 watersheds	•	•	•	
Degraded forest and critical lands rehabilitation: 1.6 M ha	•		•	
Forest community facilitation: 2 M ha	•	•	•	
Village forest facilitation: 500 K ha	•	•	•	
Human resources capacity development: 15K persons	•	•	•	•

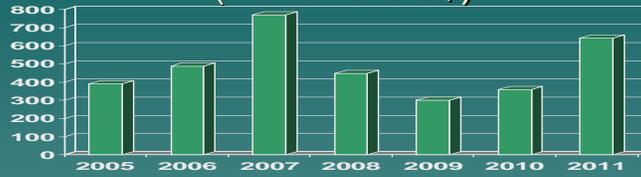
Financing Strategy

- ◆ To achieve the 4GOFs and implement the NLBI on All Types of Forest need huge investment
- ◆ Wide Spectrum need wide approach, thus need support from cross-sector investment (Finance, Agriculture, Environment, Transportation, etc.)
- ◆ Mobilization of public and private from national, regional and international institutions)
- ◆ Effective and Efficient Fund Management

SOURCES OF FINANCE

- Public Budget
 - Annual National Budget (Tax-Based Revenue, Forest Non-Tax Revenue)
 - Province Budget (Province APBD and Fiscal Balance Budget)
 - District Budget (Province APBD and Fiscal Balance Budget)
- Private Investment
 - National Investment
 - Foreign Investment
- Overseas Development Partnerships
 - Bilateral and Multilateral
 - FCPF, IFP, GEF, ICCTF, FIP, etc.
 - REDD+ Readiness Investment, FLEGT, Forest Fire, Bio Diversity, Community Development, Institutional Capacity Building, etc.

FORESTRY PUBLIC BUDGET (Millions US\$)



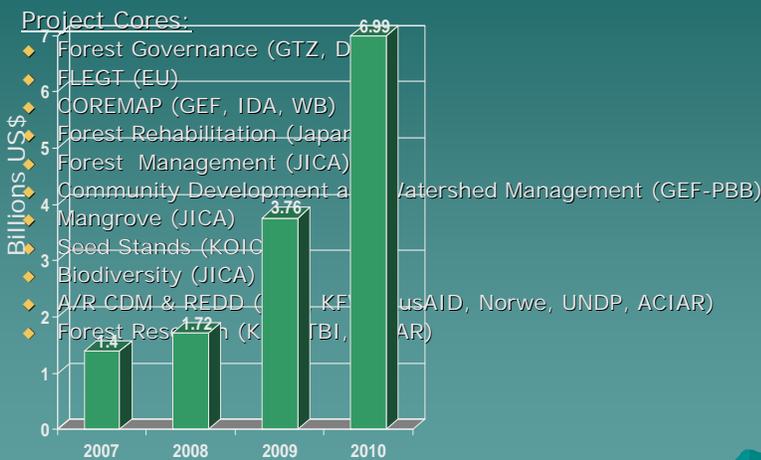
PERCENTAGE TO GOVERNMENT EXPENDITURE



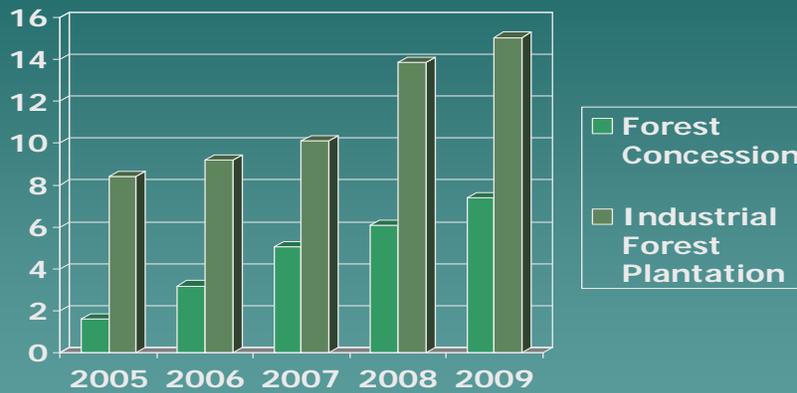
- It needs at least US\$3.6 Billions of Government Expenditure Per Year

Overseas Development Partnerships

Registered ODP



Commulative Private Investment (Billions US\$)



- It needs at least US\$31 Billions additional private investment

AREAS OF INVESTMENT

- ◆ **Public Investments**
 - SFM Capacity Development
 - Aforestation and Reforestation
 - Critical Lands rehabilitation
 - Forest Protection and Conservation
 - REDD+ and VCM Readiness

- ◆ **Private Investments**
 - Forest Concessions
 - Industrial Forest Plantation
 - Small Scale Forest Plantation
 - Community-based Forest
 - Wood processing Industries
 - Non wood forest products
 - Ecotourism and Environmental Services
 - Ecosystem Restoration

REDD+ AND SFM

- ◆ Financing REDD+ Readiness only part of the Financing SFM
- ◆ Building blocks for better forest management practices
- ◆ Huge Investment on REDD+ Demonstration Activities (30 CC-related Projects, 14 of Which are REDD+ DAs)
- ◆ Provide alternative incentive for forest investment

Partner's Activities on REDD+

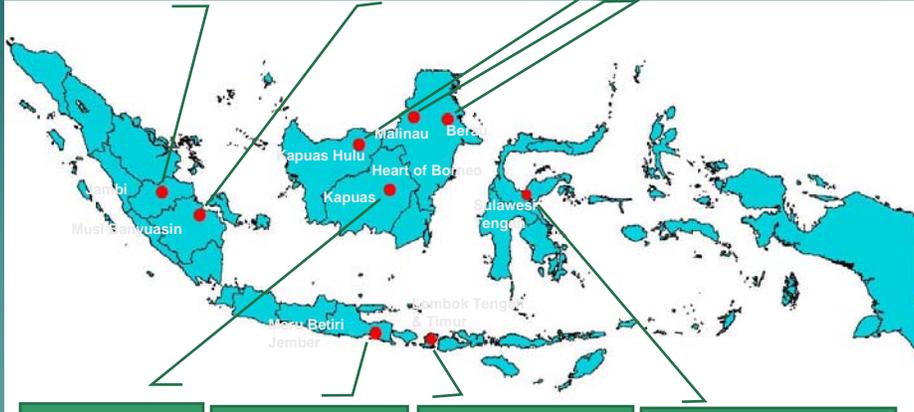
Partner	Project Name	Total Fund	PMU
Australia	Indonesia Australia Forest Carbon Partnership (IAFCP)	AUD 70 juta	DG Planology
German	FORCLIME dan Merang REDD Pilot Project (MRPP)	EUR 32.4 juta	Bureau of Planning
UN	UN-REDD	USD 5.6 juta	DG Planologi
ITTO	Tropical Forest Conservation from REDD and Enhancing carbon Stocks in Meru Betiri National Park	USD 60,150	FORDA
Korea	Project for Adaptation and Mitigation of Climate Change in Forestry through A/R CDM and REDD (KIPCCF)	USD 5 Juta	FORDA
JICA	Support on Forest Resources Management through Leveraging Satellite Image Information	USD 720,000	DG Planology
World Bank ^{23*}	Forest Carbon Partnership Facility (FCPF)	USD 3.6 juta	FORDA
ICRAF	Accountability and Local Level Initiative to Reduce Emission from Deforestation and Degradation in Indonesia (ALLREDDI)	EUR 1,123 juta	DG Planologi
ACIAR	Improving governance, policy and institutional arrangements to reduce emissions from deforestation and degradation (REDD)	AUD 1,4 Juta	FORDA

DAs on REDD/REDD+

AusAID:
AUD 30 Million

GTZ Merang:
(€1,445,255; 2008-11).

FORCLIME:
Modul Keuangan €20 Millions; 2010-16
Modul Teknikal €7 Millions (2010-12)



KFCP: AUD 30 Million

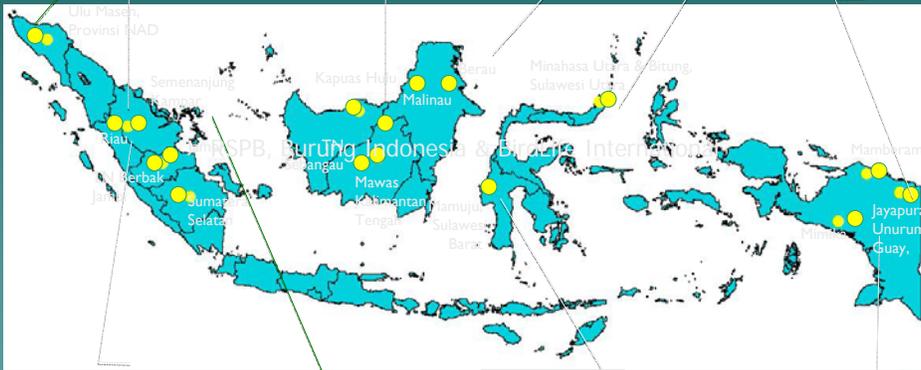
ITTO: USD 540,000 (2010-12)

KOICA:
USD 5 Million (2009-13)

UNREDD:
USD 2.2 Million (2010-11)

Voluntary Activities on REDD/REDD+

FFI, & Carbon Conservation WWF FFI, Macquarie, PHKA, Global EcoRescue Inhutani II Winrock Intl TNC Green Synergie WWF



APRIL

TN Berbak, Zoological Society of London, Environmental Resource

RSPB, Burung Indonesia & BirdLife International

BOS Foundation, UNAS Jakarta & Museum of anthropology of Zurich

Keep the Habitat & Inhutani I

NewForest Emerald Planet

CONSTRAINS

- ◆ National budget:
 - Conflict national funding priorities between economy and environment
 - Limited resources
- ◆ Private investment
 - Forests not bankable
 - Long term and less competitive compared to other commodities such as agriculture and plantations
 - High uncertainty and prone to risk of natural disaster

CONSTRAINS

- ◆ International funds
 - Various funds sources with wide diverse requirements
 - Funding driven programs often resulting in big gap between the program design and actual needs, also duplication
 - Delay of implementation due to exhausting negotiation and design processes
 - Complexity of the budgetary regulation

OPPORTUNITIES

- ◆ Increase international, national, and local funding capacities both from public and private resources
- ◆ Simplify existing funding mechanism through budgetary regulation reform to enable more flexible schema and allocation
- ◆ More effective, proper usage and wiser management of existing fund
- ◆ Concessional Loan and Bank Guarantee for Private Investment
- ◆ More allocation for Real Field Activities

WHAT NEXT?

- ◆ Implement effective sustainable financing mechanism, in national, local and field levels
- ◆ Establish more transparent and accessible international forest fund resources with simpler mechanism
- ◆ Improve the capacity of forest management units on managing the forest and its financial aspects
- ◆ Integrate various sources of funding (international, national, private and public funds)
- ◆ Build close international cooperation on the basis of mutual benefit, trust and respect
- ◆ Increase international communication among forest stakeholders
- ◆ More adequate fund resources, better SFM practices, and better environment for better life

THANK YOU