



COMPLETION REPORT

PROJECT RED-PD 007/09 Rev.2 (F)
Enhancing Forest Carbon Stock to
Reduce Emission from Deforestation and
Degradation through Sustainable Forest
Management (SFM) Initiatives in Indonesia

Host Government: Indonesia

Executing Agency:
Directorate of Production Forest Use and Business
Directorate-General of Forestry Business Management
Ministry of Forestry

Project Number:

PROJECT RED-PD 007/09 Rev.2 (F)

Project Title:

Enhancing Forest Carbon Stock to
Reduce Emission from Deforestation and
Degradation through Sustainable Forest
Management (SFM) Initiatives in Indonesia

Starting Date of the Project:

August 2, 2010 to August 2, 2012

Project Duration:

24 months

Project Costs:

ITTO	: 447,071.40 US \$
Government of Indonesia	: 92,545.20 US \$
Total Costs	: 539,616.60 US \$

Type of Report:

Completion Report

Project Technical and Scientific Staff

1. Project Coordinator: Mr. Usman
2. SFM Expert: Mr. Bambang Winarto
3. Secretary: Ms. Ricka Mayangsari
4. Finance Staff: Ms. Lelly Ekasari
5. FGD Assistant: Ms. Novianti Pamela

Executing Agency

Directorate of Production Forest Use and Business
Directorate-General of Forestry Business Management
Ministry of Forestry
E-mail: manus6900@gmail.com

Project Secretariat

ITTO RED-PD 007/09 Rev. 2 (F)
Manggala Wanabhakti Building Block 4, 7th floor, Room 709
Jl. Gatot Subroto, Senayan
Jakarta 10270
Telephone: +62 (021) 5703246 Ext: 5400
Fax: +62 (021) 37750400
E-mail: ittoredpd7@gmail.com
Web: <http://www.red-pd79.org/>

Jakarta, July 31, 2012

Executive Summary

Reducing emissions from deforestation and forest degradation in developing country becomes national and international issues, and need for SFM to be part of any scheme in the tropics has been becoming important. SFM would not completely eliminate deforestation and forest degradation problems. However SFM will improve forest management and brings it economically feasible, ecologically sustainable and socially acceptable management practices. In addition the majority of stakeholders or parties locally and globally has not yet had complete information on SFM in enhancing forest-based carbon stock, carbon sequestration, and carbon storage in green products.

An ITTO-funded project named as “Enhancing Forest Carbon Stock to Reduce Emissions from Deforestation and Degradation through Sustainable Forest Management Initiatives in Indonesia” is important for its contribution to the sustainable management of Indonesia’s tropical forests. The objectives of the project is to promote SFM as an important option for forest-based climate change mitigation and to reduce emissions from and tropical forests, and its specific objective is to develop a draft of national strategy in maintaining and increasing forest carbon stock through SFM application. Expected outputs were consisting of (1) availability of information on SFM forest-based carbon, C stocks, CO₂ sequestration and green products, (2) Supporting infrastructure and mechanisms for additional incentives in implementing SFM as an important option to reduce emission from deforestation and forest degradation, (3) disseminating activities to promote public awareness among relevant stakeholders on SFM initiatives in enhancing forest-based carbon, sequestration, carbon stock and green products locally and globally.

To achieve those objectives and to promote stakeholder’s awareness on SFM important roles in reducing emissions from deforestation and forest degradation, the project was implementing several activities such as data publication, study and analysis on SFM relating to forest-based climate change, focus discussion, training for relevant decision makers, national workshops and international workshops of relevant stakeholders, namely governments (central and provincial government, private sectors, forest and agricultural and mining associations, agricultural universities, and non-governmental organizations, and aid organizations. In addition, the project and the Executing Agency should work closely with relevant institutions to obtain best results, and it should develop an exit strategy upon project completion to maintain the sustainability of the project, and it should be working according to activities included in the Project Document and should follow planned schedules strictly, and if possible the project should be implemented activities in a parallel way.

This project was in line to the prioritized national policy of forestry sectors in mitigation and adaptation of forest-based climate change as part of sustainable forest management as stated in the National Forestry Strategic Plans. It helped the Indonesian government to conduct study for developing a draft national strategy on enhancing and conserving forest carbon stocks through sustainable forest management which is intensively discussed in a series of a-5 focus disussion of relevant stakeholders from central government, provincial government, forest-based companies, forest and agricultural associations, non-governmental organizations, colleges, experts, and community representatives. This draft strategy should complete or should support the Indonesian policy on REDD+ for which the Indonesian government has developed its National Strategy of REDD+, and it may support the Indonesian National Action Plans for Reducing green houses gas emissions. And the project has facilitated Forestry Ministry to compose the draft of ministerial regulation on Environmental Services Management in Production Forests, and a ministerial regulation on the implementation of forest-based carbon. In addition, the project has also studied forest-based carbon projects on the ground in several forest utilization management unit of

community-based plantation, natural forest concessions, and industrial planted forests in Java, Sumatera, Kalimantan, and Sulawesi. These studies might be used as a basis for carbon credits in such forest management unit projects.

Basically all project activities planned in the Project Document such as data publication, study and analysis on SFM relating to forest-based climate change, focus discussions, training for relevant decision makers, national workshops and international workshops of relevant stakeholders were implemented within time schedule allocated. Based on 2nd Project Steering Committee meeting of January 17-18, it was stated that the project implementation was running very smoothly and was managed in a good manner. An ITTO representative in the meeting was grateful to the Indonesian government for hard work performed, and said ITTO might be able to scale up and might propose a similar project in other countries.

Some lessons-learned could be recognized from this project activities such as carbon credits in sustainable management of community-based plantation in Java and Sulawesi, and sustainable management of natural forest concessions and planted forests in production forests of Java, Sumatera, Kalimantan. It was also noted in term of Indonesia, conservation forests and protection forests had a huge carbon stocks that might be considered as a potential carbon credits in environmental services of forest ecosystem. Another lessons-learned was that a simple carbon trade mechanism was practiced by a local community in Singkarak, West Sumatera in which local people were encouraged to plant tree species on the degraded land of approximately 49 hectares. In addition, based on project result study, sustainable forest management could reduce carbon emissions from forests, and had the potential to obtain a direct incentive value of carbon (REDD+) while maintaining a level of long-term sustainable timber and non timber production. It provided benefit to the public and private sectors, and that why it was necessarily supported by all parties for their long-term benefits.

Contents

Executive Summary	i
Contents	ii
1. Project Identification	1
1.1. Context, origin and problem	1
1.2. Project objective and implementation strategy	2
2. Project structure	3
3. Project performance	7
3.1 Consultancy work	7
3.2 National workshop	9
3.3 International meeting	16
3.4 Focus discussion group	17
3.5 Publications	18
3.6 Financial report	19
4. Project sustainability	20
5. Conclusions and recommendations	22

1. Project Identification

1.1. Context, origin and problem

Indonesia ranks third of the world's largest tropical forests following Brazil and Congo. It might play an essential role to succeed in reducing emissions from deforestation and forest degradation (REDD+), consisting of carbon conservation, sustainable forest management (SFM), carbon stock enhancement, and reducing emissions from deforestation and forest degradation. REDD+ in developing country becomes national and international issues, and need for SFM to be part of any scheme in the tropics has been becoming important. SFM would not completely eliminate deforestation and forest degradation problems. However SFM will improve forest management and bring it economically feasible, ecologically sustainable and socially acceptable management practices. The majority of stakeholders or parties, locally and globally has not yet had complete information on SFM in enhancing forest-based carbon stock, carbon sequestration, and carbon storage in green products.

Although it may seem obvious to most of us, the relevance of SFM to REDD+ is still a matter of contention in some quarters, and some parties are actively working against its inclusion in any funding mechanism for REDD+ that may arise from on-going international negotiation processes. ITTO's position is that selective harvesting using techniques like reduced impact logging, buffer strips, wise road and landing construction, etc (ie, SFM) will leave forests much more capable to offer all of their many goods and services in perpetuity than unsustainable and/or illegal forestry. Many of those questioning the role of SFM in contributing to REDD+ objectives seem to think that the alternative is conservation in well-managed parks that people are somehow kept away from. Our experience is that this viewpoint is naïve at best and potentially dangerous for the future of both REDD+ and tropical forests. Our experience is that forests will continue to be used as a source of development and employment by most countries in the tropics, regardless of whatever international schemes are developed to help protect them. We therefore believe it is essential that for schemes like REDD+ to succeed at a large scale, they need to recognize all activities that have positive impacts on keeping forests standing, including SFM for extractive uses like timber.

The Indonesian government has committed to reduce voluntarily its emission by 26% below BAU levels by 2020 and 41% when assisted by developed countries. This is considered as Indonesia's support to the world's commitment as agreed at the Bali COP under long cooperative action to implement National Appropriate Mitigation Actions (NAMAS). In addition, the Indonesian government has developed a Presidential regulation of Number 61 of 2011 on National Action Plans for Reducing Green House Gases and the Presidential Decree Number 71 of 2011 on Inventory of National Green House Gases. These indicate major political will from the government.

It is stated in the Indonesian Presidential Decree Number 61/2011 that sustainable forest management will be one of the key strategies for Indonesia in reducing its emissions and to enhance forest carbon sequestration. SFM is not only assisting Indonesia in meeting the emission reduction target but also in ensuring sustainability of economic development through production of forest and non-forest products and other environmental services. At present, GoI (Government of Indonesia) is beginning to develop policies and initiate programs and demonstration activities to reduce emissions from deforestation and forest degradation including forest conservation, SFM and sink enhancement (REDD+).

Efforts have been implementing to enhance these aspects, such as through the Indonesian government and International Tropical Timber Organization project of RED-PD 007/09 Rev. 2 (F):

Enhancing Forest Carbon Stocks to Reduce Emissions from Deforestation and Degradation through Sustainable Forest Management Initiatives in Indonesia that has been implemented here over the last two years. This Indonesian project was one of the first funded under ITTO's relatively new thematic program on Reducing Deforestation and Forest Degradation and Enhancing Ecosystem Services in Tropical Forests (REDD+). This program was established in 2009 to assist ITTO member countries to prepare for and participate in REDD+ initiatives and to promote sustainable management of forests and markets for forest ecosystem services, including carbon. ITTO considers this project in Indonesia especially important as it seeks to clearly demonstrate the important role that sustainable forest management, or SFM, can play in contributing to REDD+ objectives.

1.2. Project objectives and implementation strategy

The objectives of the project is to promote SFM as an important option for forest-based climate change mitigation and to reduce emissions from and tropical forests, and its specific objective is to develop a draft of national strategy in maintaining and increasing forest carbon stock through SFM application. To achieve these and to promote stakeholder's awareness on SFM important roles in reducing emissions from deforestation and forest degradation, the project is implementing several activities such as data publication, study and analysis on SFM relating to forest-based climate change, focus discussion, training for relevant decision makers, national workshops and international workshops of relevant stakeholders, namely governments (central and provincial government, private sectors, forest and agricultural and mining associations, agricultural universities, and non-governmental organizations, and aid organization. In addition, the project and the Executing Agency should work closely with relevant institutions to obtain best results, and it should develop an exit strategy upon project completion to maintain the sustainability of the project, and it should be working according to activities included in the Project Document and should follow planned schedules strictly, and if possible the project should be implemented activities in a parallel way.

2. Project Structure

<p>OUTPUT 1</p> <p>Data/Information concerning SFM, forest based carbon, C stock, CO2 sequestration, and green products is assessed</p>	<p>Activities:</p> <ol style="list-style-type: none"> 1.1 Study and analyze all regulations concerning SFM, forest -based carbon, C stock, CO2 sequestration and green products (consultancy work by national and international experts) 1.2 Develop public consultation series on SFM, forest based carbon, C stock, CO2 sequestration and green product (two national workshops participated by 50 participants each)
<p>OUTPUT 2</p> <p>Supporting infrastructure and mechanism to bring additional incentives in implementing SFM as important option in reducing emission from deforestation and forest degradation available</p>	<p>Activities:</p> <ol style="list-style-type: none"> 2.1 Review infrastructure framework and mechanism related to SFM as important option in reducing emission from deforestation and forest degradation (consultancy work by a national expert and a national workshop of 50 participants) 2.2 Conduct study and analysis on economic incentive framework of SFM as an important option for forest based climate change mitigation to reduce emission from and by tropical forest (consultancy work by a national expert and a national workshop of 50 participants) 2.3 Conduct focus group discussions to get input/comment in formulating design strategy on maintaining and increasing forest carbon stock through SFM activities (5 meetings of 25 participants each)

OUTPUT 3

Outreach activities to promote public awareness among relevant stakeholders on SFM initiatives in enhancing forest based carbon stock, sequestration, and storage in green products in order to reduce GHG CO2 are established.

Activities:

3.1 Mapp and review existing SFM based projects in Indonesia

Sub activities :

3.1.1 Collect and analyze data of REDD and SFM based projects in the field (consultancy work by a national expert and a national workshop of 50 participants)

3.1.2 Develop Forest Carbon Standard and Carbon Accounting system for small scale plantations based on local experience (consultancy work by a national expert)

3.1.3 Develop lessons- learned from of certified forest management unit based on local experiences (a national workshop of 50 participants)

3.2 Strengthen information sharing and networking among relevant stakeholders in Indonesia and within ITTO members in implementing forest based climate change initiatives including REDD and other initiatives based on SFM

Sub activities:

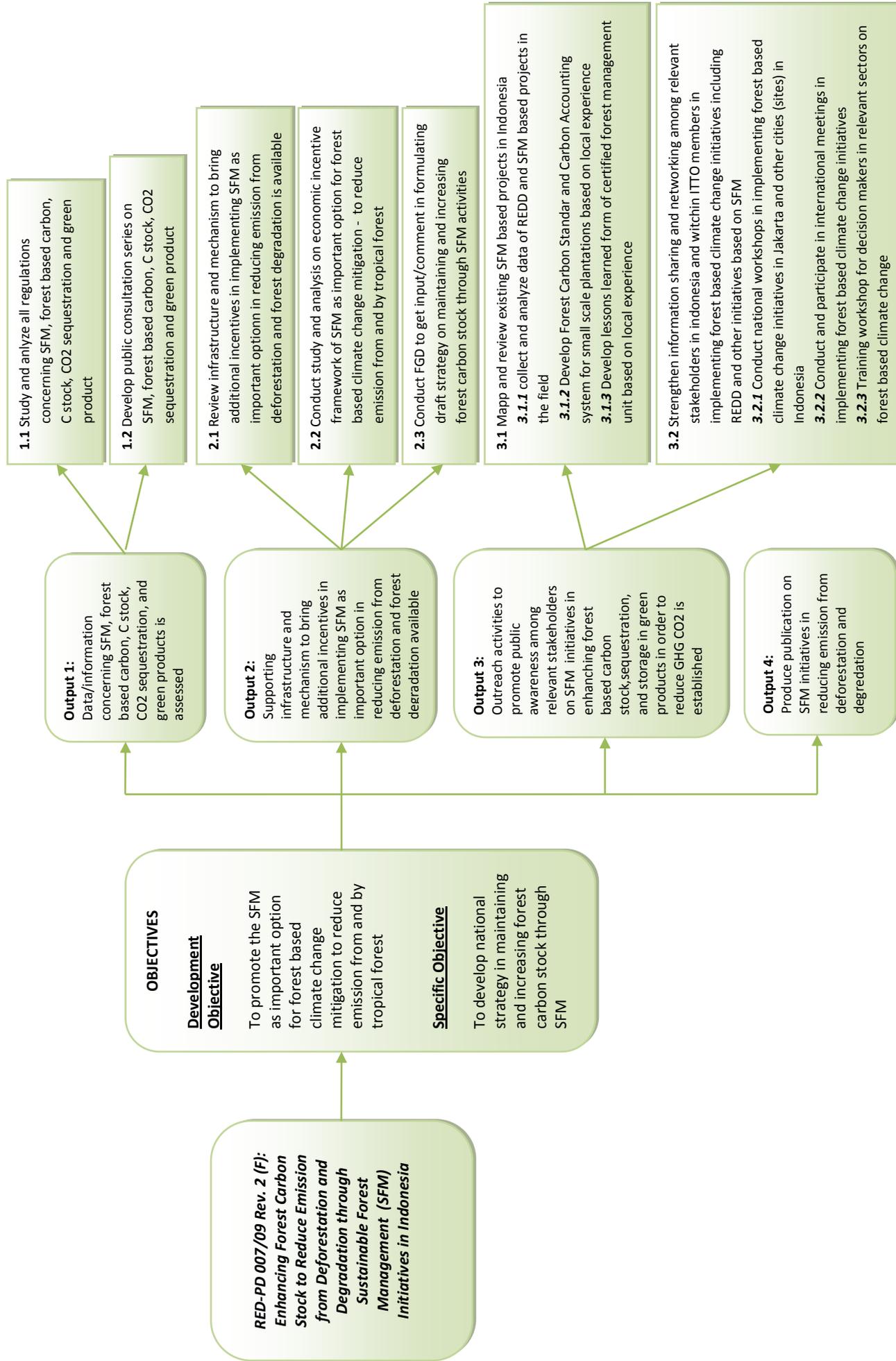
3.2.1 Conduct National workshops in implementing forest- based climate change initiatives in Jakarta and other cities (sites) in Indonesia (an 1-day workshop and a-2 day workshop)

3.2.2 Conduct and participate in international meetings in implementing forest- based climate change initiatives

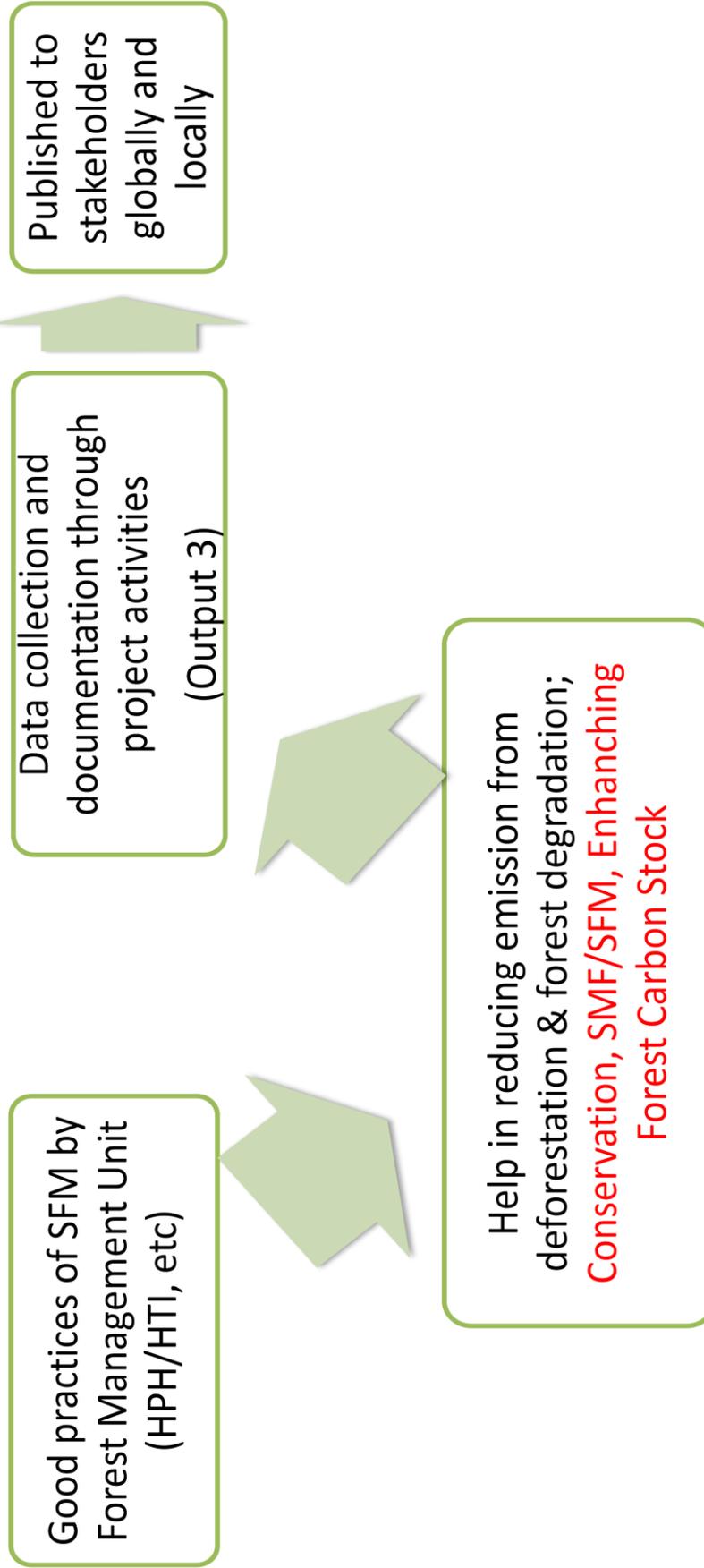
3.2.3 Training workshops for decision makers in relevant sectors on forest based climate change (a 2 day training workshop of 25 participants)

3.3 To produce and disseminate publications on SFM initiatives in reducing emission from forest deforestation and degradation

Chart of the Project Structure



**Project Activities on
Sustainable Forest Management Units**



3. Project Performance

Based on the Project Document the project activities could be divided into five activities of consultancy work (national and international consultancy), national workshops, international meeting, focus discussion, and publications

3.1. Progress in implementation of the Activities

	Qty	Real Achievement
1. Consultancy work	6	6 (100%)
• National Experts	1	1 (100%)
• International Consultancy		
2. National Workshops	9	9 (100%)
3. International Meeting	1	1 (100%)
4. Focus Discussion Group on Enhancing and maintaining forest carbon stock through sustainable forest management activities in Indonesia: A strategic analysis	5	5 (100%)
4. Publications (leaflets, data publication)	Pax	100%

3.2. Consultancy Works

#	Activities	Percentage Executed	Originally planned completion date	Estimated completion date	Remarks
1	Activity 1.1 Study/assess and analyze regulations concerning SFM, forest based carbon, C stock, CO2 sequestration and green products - By Dr. Bramasto Nugroho, Dr. Doddy Sukadri, & Dr. Bambang Widiantoro	100%	March 18, 2011	September 18, 2011	This activity was completely done. Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.

#	Activities	Percentage Executed	Originally planned completion date	Estimated completion date	Remarks
2	<p>Activity 2.1</p> <p>Review/assess infrastructure framework and mechanism related to SFM as important option in reducing emission from deforestation and forest degradation</p> <p>By Dr. Dodik Nurrochmat</p>	100%	March 18, 2011	September 18, 2011	<p>This activity was completely done.</p> <p>Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.</p>
3	<p>Activity 2.2</p> <p>Conduct study and analysis on economic incentive framework of SFM as important option for forest based climate change mitigation-to reduce emission from and by tropical forest</p> <p>By Dr. Bahruni</p>	100%	April 18, 2011	September 18, 2011	<p>This activity was completely done.</p> <p>Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.</p>
4	<p>Activity 3.1.1</p> <p>Collect and analyze data of REDD and SFM based projects on the ground</p> <p>By Dr. Teddy Rusolono & Dr. Tatang Tiryana</p>	100%	April 18, 2011	September 18, 2011	<p>This activity was completely done.</p> <p>Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.</p>
5	<p>Activity 3.1.2</p> <p>Develop Forest Carbon Standard and Carbon Accounting System for small-scale plantations based on local experiences.</p> <p>By Dr. Chairil Siregar</p>	100%	April 18, 2011	July, 2011	<p>This activity was completely done.</p> <p>Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.</p>
6	<p>Activity 2.3</p> <p>Draft national strategy on enhancing and maintaining forest carbon stock through SFM activities</p> <p>By Dr. Bambang Widiantoro</p>	100%	March 14, 2012	March , 2012	<p>This activity was completely done, in a-5 FGDs of national meeting.</p> <p>Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.</p>

#	Activities	Percentage Executed	Originally planned completion date	Estimated completion date	Remarks
7	<p>Activity of International Consultancy</p> <p>Study on sustainable forest management, forest-based carbon, carbon stock, CO2 sequestration and green products to reduce emissions from deforestation and forest degradation</p> <p>By Dr. Rizaldi Boer</p>	100%	April, 2012	April, 2012	<p>This activity was completely done.</p> <p>Work was printed and disseminated to relevant stakeholders throughout Indonesia, including library.</p> <p>This international consultancy report was presented in national Focus Discussion Group on March 14, 2012 and in international meeting of May 10 – 11, 2012.</p>

3.3. National workshops

The project organized nine national workshops described below:

1. On March 30 to March 31, 2011 the project organized a training of activity 3.2.3: Training workshop for decision makers of relevant sectors on forest-based climate change in Jakarta. This training was participated by 25 peoples of relevant sectors from central government (i.e Ministry of Forestry, Ministry of Foreign Affairs, Ministry of Trade, Ministry of Environment) provincial government (forest services), and representatives of state-owned companies.

Subjects provided to the participants in the training were:

- Indonesia's policy on forest-based climate change and REDD+
- National strategy on REDD+
- Policy on sustainable forest management in relation to REDD+
- Timber legality assurance to achieve sustainable forest management
- Structure and mechanism of climate change negotiations under UNFCCC (COP and CMP)
- Forest-based carbon: compliance, voluntary, market-based carbon and fund-based carbon
- Economic incentives for SFM in reducing emission from deforestation and forest degradation
- Measurement, reporting, verification for forest-based carbon
- Standardization for reducing emissions from deforestation and forest degradation
- Facilitating the process of formation of organizations or institutions working in accreditation or certification for emission reduction.

2. On April 27, 2011 the project organized a workshop of activity 3.1.3: Develop lessons-learned from certified forest management units in Jakarta. The objective of the workshop was to promote awareness among relevant stakeholders in sustainable forest management to enhance carbon stock, carbon sequestration and

green products in order to reduce green house gases from deforestation and forest degradation by sharing field experiences.

This workshop was participated by over 50 peoples of relevant sectors of throughout Indonesia, consisting of central governments (Ministry of Forestry central offices and provincial offices), provincial governments (forest services), and representatives of state-owned companies, non governmental organizations, forest concession holders, and owners of private forests. It was officially opened by the Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on April 27, 2011.

Subjects presented in this workshop were:

- Sustainable management of natural forests as an incentive to enhance carbon stocks, carbon sequestration, and green products in order to reduce green house gases emission from deforestation and forest degradation;
- Sustainable management of planted forests as an incentive to enhance carbon stocks, carbon sequestration, and green products in order to reduce green house gases emission from deforestation and forest degradation.
- Experiences on sustainable forest management of certified community/private forests in Wonogiri (Central Java), and Lumajang (East Java).
- Experiences to restore the production forest ecosystem: improvement of ecosystem or biodiversity, wood and non wood production, and forest carbon.
- The management of protection forests of Wain River utilized as an environmental services in Balikpapan, East Kalimantan;
- Research on carbon sequestration and carbon sink in conservation forests of Gede-Pangrango National Park, West Java.

3. On May 26, 2011 the project organized an one-day national workshop of activity 3.2.1: Conduct national workshop in implementing forest-based climate change in Jakarta, with emphasis on the implementation of forest-based climate change mitigation initiatives for sharing and networking information among stakeholders. This was the third workshop organized by the project.

The objective of the workshop was to enhance information shares and to develop networking among relevant stakeholders in implementing forest-based climate change mitigation initiatives, including REDD+ through sustainable management of forests. This was part of a series of national workshop.

This workshop was participated by over 50 peoples of relevant sectors of throughout Indonesia, consisting of central governments (Ministry of Forestry central offices and provincial offices), provincial governments (forest services), and representatives of state-owned companies, non governmental organizations, forest concession associations, and national experts. It was officially opened by the Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on May 26, 2011, and the closing remarks was by Senior Advisor to Minister of Forestry on Environment and Climate Change.

Subjects presented in this national workshop were:

- Coordination and synergy in implementing REDD+ of forest sectors;
- Policy and strategy on climate change of forest sectors;
- Mechanisms of REDD + fund incentives in forest sectors;

- Regulations for implementing SFM in order to reduce emission from; deforestation and forest degradation;
 - Forestry sectors, REDD+ towards green economy.
4. On June 22 to June 23, 2011 the project organized a 2-day national workshop of activity 3.2.1: Conduct national workshop in implementing forest-based climate change in Bogor, with emphasis on the implementation of forest-based climate change mitigation initiatives for sharing and networking information among stakeholders. This was the fourth workshop organized by the project.

The objective of the workshop was to enhance information shares and to develop networking among relevant stakeholders in implementing forest-based climate change mitigation initiatives, including REDD+ through sustainable management of forests. This was part of a series of national workshops held previously in Jakarta on May 26, 2011.

This workshop was participated by over 50 peoples of relevant sectors of throughout Indonesia, consisting of central governments (Ministry of Forestry central offices and provincial offices), provincial governments (forest services), and representatives of state-owned companies, non governmental organizations, forest concession associations, related projects and national experts. It was officially opened by the Secretary of Directorate-General of Forestry Business Management, Indonesia's Ministry of Forestry on June 23, 2011, and the closing remarks was by Director of Forest Use and Business.

Subjects presented in this national workshop were:

- Strategy for low carbon development in Berau, East Kalimantan;
 - Peat and swamp forest management in Central Kalimantan;
 - Production forest management in REDD+;
 - Tropical forest conservation for reducing emission from deforestation and forest degradation and enhancing carbon stocks in Meru Betiri National Park;
 - Singkarak: Combining Environmental Service Markets for Carbon and Watershed Funtions;
 - Enviromental service business in production forests.
5. On July 21, 2011 the project organized a one-day national workshop of activity 3.1.1: Map the existing sustainable forest management-based projects: Analysis of REDD and SFM-based projects on the ground. This was the fifth national workshop organized by the project.

The objective of this workshop was to share information and knowledge obtained from the analysis of REDD and SFM-based projects on the ground and forest carbon measurement in community small plantation done by hired national experts as described in the project document.

This workshop was participated by approximately 50 participants of relevant stakeholder of through out Indonesia, consisting of central government (Ministry of Forestry central offices and provincial offices), provincial governments (forest services), and representatives of state-owned companies, non-governmental organizations, forest concession associations, related projects and national experts. It was officially opened by Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on July 21, 2011, and the closing remarks by Dr. Achmad Fauzi (a former senior advisor to the Minister of Forestry).

Subjects presented in this national workshop were:

- Develop forest carbon standard and carbon accounting system for small-scale plantation based on local experiences by Chairil Siregar, PhD;
- Map the existing sustainable forest management-based projects: Analysis of REDD and SFM-based projects on the ground

6. On September 15, 2011 the project management was organizing a one-day national workshop of activity 2.1: Review infrastructure framework and mechanisms related to SFM as an important option in reducing emission from deforestation and forest degradation as planned in the project document. This was the sixth national workshop organized by the project.

The objective of this workshop was to provide information on the results of study on regulations concerning sustainable forest management, forest-based carbon, C stock, sequestrasi karbon and green products, and to provide information on infrastructure framework and mechanisms related to SFM as an important option in reducing emission from deforestation and forest degradation and to get inputs from participants/stakeholders.

This workshop was participated by approximately 50 participants of relevant stakeholders of throughout Indonesia, consisting of central governments (Ministry of Forestry central offices and provincial offices), provincial governments (forest services), and representatives of state-owned companies, non-governmental organizations, forest concession associations, related projects and national experts. It was officially opened by the Director of Forest Business and Use on behalf of the Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on September 15, 2011, and the closing remarks by Dr. Achmad Fauzi (a former senior advisor to the Minister of Forestry).

Subjects presented in this national workshop were:

- Study and analyze of regulations on SFM, forest-based carbon, C stock, CO₂ sequestration, and green products by Dr. Bramasto Nugroho (Bogor Agric. Univ.), Doddy Sukadri, PhD (National Council on Forest Change, and Dr. Bambang Widyantoro (Indonesia Forest Business Association);
- Review infrastructure framework and mechanisms related to SFM as an important option in reducing emission from deforestation and forest degradation by Dr. Dodik Nurrochmad (Bogor Agric. Univ.)

7. On October 25, 2011 the project management was organizing an one-day national workshop of activity 2.2: An analysis on economic incentive framework of SFM as an important option for forest-based climate change mitigation to reduce emission from and by tropical forests, which was a result of the study conducted by Dr. Bahrani (an expert hired by the project), coupled with several relevant subjects. This was the seventh national workshop managed by the project.

The objective of this workshop was to provide information on the results of study on economic incentive framework of SFM as an important option for forest-based climate change mitigation to reduce emission from and by tropical forests, on carbon trade policy in forestry sectors, Indonesia's carbon trade and its progress, and a fiscal transfer for REDD+ and to obtain inputs from participants/stakeholders.

This workshop was participated by approximately 50 participants of relevant stakeholders of throughout Indonesia, consisting of central governments (Ministry

of Forestry central offices and provincial offices), provincial governments (forest services), and representatives of state-owned companies, non-governmental organizations, forest concession associations, related projects and national experts. It was officially opened by the Director of Forest Business and Use on behalf of the Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on September 15, 2011, and the closing remarks by Dr. Agus Justianto (Director of Forest Business and Use, MoF).

Subjects presented in this national workshop were:

- An analysis on economic incentive framework of SFM as an important option for forest-based climate change mitigation to reduce emission from and by tropical forests by Dr. Bahruni (Bogor Agric. Univ.);
- Carbon trade policy in forestry sectors by Dr. Agus Justianto (Ministry of Forestry);
- Indonesia's carbon trade and its progress by Dr. Suzanty Sitorus (National Council on Climate Change);
- A fiscal transfer for REDD+ by Dr. Sony Mumbunan (Univ. of Indonesia).

8. On November 16, 2011 the project management was organizing an one-day national workshop of activity 1.2: Develop a public consultation (dissemination) series on SFM, forest-based carbon, C stock, CO₂ sequestration and green products. This was the 8th national workshop managed by the project.

The objective of this workshop was to develop a public consultation (dissemination) on SFM, forest-based carbon, C stock, CO₂ sequestration and green products for relevant stakeholder and to obtain inputs from them.

This workshop was participated by approximately 50 participants of relevant stakeholders of throughout Indonesia, consisting of central governments (Ministry of Forestry central offices and provincial offices, and other relevant ministries such agriculture, environment, foreign affairs)), provincial governments (forest services), representatives of state-owned companies, non governmental organizations, forest concession associations, forest private sectors, universities, related projects and national experts. It was officially opened by the Director of Forest Business and Use on behalf of the Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on September 15, 2011, and the closing remarks by Dr. Achmad Fauzi (Senior Forest Research Scientist, MoF).

Subjects presented in this national workshop were:

- The relevancy of SFM implementation in REDD+: preparatory mechanisms of production forest concessions in REDD+ programs in Indonesia (Agung Prasetya, Indonesian Eco-label Agency).
- Village forest initiatives as a model of community's efforts, climate change mitigation, and carbon storage based on community involvement in Jambi Province (Rahmat Hidayat, NGO Warsi, Jambi).
- Demonstration activities of REDD+ Berbak carbon initiative project in Berbak National Park as a REDD+ preparation for Berbak ecosystem (Zoological Society of London & Berbak National Park, Jambi).
- Community-based forest initiatives as a model of community's efforts, mitigation, and carbon storage based on community involvement in Lampung Province (Dr. Suyanto, ICRAF).

On November 29, 2011, the project collaborated with NGO Birdlife International were facilitating a focus discussion group organized by the Executing Agency/ Directorate of Forest Use and Business (DG Forestry Business Management,

Ministry of Forestry) to discuss a draft of Ministerial Regulations on Environmental Services in Production Forests, including business in forest carbon. This focus discussion was attended by over 30 peoples of relevant stakeholders (governments, private sectors, NGOs, universities).

9. On December 15, 2011 the project management organized an one-day national workshop of activity 1.2: Develop a public consultation (dissemination) series on SFM, forest-based carbon, C stock, CO₂ sequestration and green products. This was the 9th national workshop managed by the project.

The objective of this workshop was to develop a public consultation (dissemination) on on SFM, forest-based carbon, C stock, CO₂ sequestration and green products for relevant stakeholder and to obtain inputs from them.

This workshop was participated by approximately 50 participants of relevant stakeholders of entire Indonesia, consisting of central governments (Ministry of Forestry central offices and provincial offices, and other relevant ministries such agriculture, environment, foreign affairs)), provincial governments (forest services), representatives of state-owned companies, non governmental organizations, forest concession associations, forest private sectors, universities, related projects and national experts. It was officially opened by the Director of Forest Business and Use on behalf of the Director-General of Forestry Business Management, Indonesia's Ministry of Forestry on September 15, 2011, and the closing remarks by Dr. Sunaryo (a Senior staff of Minister of Forestry and Dr. Achmad Fauzi (a Senior Forest Research Scientist, MoF)

Subjects presented in this national workshop were:

- The measurement of carbon emissions from forest plantation in peat-swamp forests in South Sumatera and Riau (Dr. Basuki Sumawinata, Bogor Agricultural University).
- The measurement of forest-based carbon in natural forests of PT. Sarpatim in Central Kalimantan (Dr. Chairil Siregar, MoF Forest Research Institute).
- Carbon sequestration in *Acacia crassiparpa* in degraded peat swamp-forests of planted forests PT. Sebangun Bumi Andalas in South Sumatera (Mamat Rahmat, Forest Research Institute of South Sumatera).
- Indonesia peat forests and their carbon emission reduction (Dipa Satriadi Rais, Wetland International Indonesia Programs).

In addition to this, on December 7-9, 2011, the project participated in a national seminar on the development of integrated programs on community-based forest plantation, forest-based carbon, and sustainable energy in Bangkalan (Madura, East Java) organized by Indonesia Ministry of Forestry A field visit to a community-based forest unit (Gerbang Lestari) in Bangkalan was also provided.

Summary of National Workshops

Workshops	Progress	Remarks
1. Training workshop for decision makers of relevant sectors on forest-based climate change (activity 3.2.3)	It was done on March 30-31, 2011	It was organized in Jakarta and was attended by 25 participants of relevant stakeholders throughout Indonesia Proceedings was printed and was disseminated throughout Indonesia
2. Develop lessons-learned from certified forest management units (activity 3.1.3)	It was done on 27 April 27, 2011	It was organized in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia
3. The implementation of forest-based climate change mitigation initiatives: share and network among stakeholders (activity 3.2.1)	It was done on May 26, 2011	It was conducted in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia
4. The implementation of forest-based climate change mitigation initiatives: share and network among stakeholders (activity 3.2.1)	It was done on June 22-23, 2011	It was held in Bogor and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia
5. Map the existing sustainable forest management-based projects: analysis of REDD and SFM-based projects on the ground (activity 3.1.1)	It was done on July 21, 2011	It was organized in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia
6. Review infrastructure framework and mechanisms related to SFM as an important option in reducing emission from Deforestation and forest degradation (Activity 2.1)	It was done on September 15, 2011	It was implemented in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia

Workshops	Progress	Remarks
7. Analysis on economic incentive framework of SFM as an important for forest-based climate change to reduce emission from and by tropical forests (Activity 2.2)	It was done on October 25, 2011	It was organized in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia
8. Public consultation series on SFM forest based carbon, c stock, CO2 sequestration and green product (Activity 1.2)	It was done on November 16, 2011	It was organized in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia
9. Public consultation series on SFM forest based carbon, c stock, CO2 sequestration and green product (Activity 1.2)	It was done on December 15, 2011	It was held in Jakarta and was attended by 50 participants Proceedings was printed and was disseminated throughout Indonesia

3.4. International Workshops

On May 10 to May 11, 2012 the Indonesian Ministry of Forestry in collaboration with International Tropical Timber Organization (ITTO) through the Project of RED-PD 007/09 Rev.2 (F) was organizing a two-day international meeting on Forest-Based Climate Change Policies and Action Plans in Indonesia held in Jakarta, Indonesia. The objective of the meeting was to share information upon study on SFM for sustainable forest management-based initiatives to REDD+ and to obtain inputs from consumers and producers of ITTO member countries on how to strengthen forest-based climate change policies and action plans in Indonesia.

Participants were from ITTO's consumers and producer countries, including Indonesia with a total almost 80 Indonesian participants of relevant officials (central governments, provincial governments, non-governmental organizations, forest associations, forest concessions, agricultural colleges, aid organizations) and 20 participants were from overseas such as Cambodia, India, Korea, Lao PDR, Malaysia, Myanmar, and Philippines. In addition, foreign embassy attending the meeting were Embassy of Japan and Korea. Dr Steve Johnson as an ITTO's representative was also attending to deliver an opening speech. In this meeting India and Korea were presenting their papers.

The project also made separate and complete reports (digital and printing reports) for this meeting and was disseminated to relevant stakeholders throughout Indonesia. While summary of the meeting and the meeting agenda were attached to this report.

Workshops	Progress	Remarks
International workshop on Forest-Based Climate Change Policies and Action Plans in Indonesia	It was done on May 10- 11, 2011	It was held in Jakarta and was attended by 100 participants Proceedings was printed and was disseminated

3.5. Focus Discussion Group

The project held a-five focus discussion meeting of December 28, 2011, January 31, 2012, February 15, 2012, February 29, 2012 and March 14, 2012 for discussing a Draft of National Strategy on Enhancing and Maintaining Forest-Based Carbon Stock through Sustainable Forest Management Activities: a Strategic Analysis which was written by a national expert hired by the project (Dr. Bambang Widyanoro). These meeting were planned to be participated by different and relevant stakeholders of central governments, provincial government, forest, agricultural and mining associations, forest private sector, non governmental organizations, colleges, aid donor organizations and experts. The final draft was completed and had been disseminated to the relevant institutions throughout Indonesia. In addition, it was also submitted the Indonesian Ministry of Forestry to be followed up.

Summary of Focus Discussion Group

Focus Discussion	Progress	Remarks
1 st FGD	It was done on December 28, 2011	It was held in Jakarta and was attended by over 25 participants from central and provincial governments, and the discussion was facilitated by Dr. Sunaryo (Senior staff to Minister of Forestry)
2 nd FGD	It was done on January 31, 2012	It was held in Jakarta and was attended by over 25 participants from forest and agricultural associations and forest enterprises, and the discussion was facilitated by Dr. Sunaryo (Senior staff to Minister of Forestry)
3 rd FGD	It was done on February 15, 2012	It was held in Jakarta and was attended by over 30 participants from mainly non-governmental organizations, universities and aid organizations. The discussion was facilitated by Dr. Sunaryo (Senior staff to Minister of Forestry) in order to be consistent to the previous results.
4 th FGD	It was done on February 29, 2012	It was held in Jakarta and was attended by over 30 participants from governments (central and provincial governments), forest and agricultural associations and forest enterprises, non governmental organizations, universities and aid organizations, and experts. This discussion was facilitated by Dr. Sunaryo (Senior staff to Minister of Forestry) in order to be consistent to the previous results.
5 th FGD	It was done on on March 14, 2012	It was held in Jakarta and was attended by over 30 participants from governments (central and provincial governments), forest and agricultural enterprises, forest and agricultural associations, non governmental organizations, universities and aid organizations, and relevant experts. This was the final discussion for formulating the national strategy, and this discussion was facilitated by Dr. Sunaryo (Senior staff to Minister of Forestry) in order to be consistent to the previous results.

3.6. Publications

The project produced several digital and printing publications, and some had been distributed to the relevant stakeholders of the entire Indonesia. These publications were as follows:

1. Digital proceeding national & international workshops on
 - National workshop proceedings on Training workshop for decision makers of relevant stakeholders on forest-based climate change;
 - National workshop proceedings on Develop lessons-learned from certified forest management units;
 - National workshop proceedings on The implementation of forest-based climate change mitigation: share and network among stakeholders.
 - National workshop proceedings on Map the existing sustainable forest management-based projects in Indonesia: an analysis of REDD and SFM-based projects on the ground;
 - National workshop proceedings on Review infrastructure framework and mechanisms related to SFM as an important option in reducing emission from deforestation and forest degradation.
 - International workshop proceedings on Forest-Based Climate Change Policies and Action Plans in Indonesia
2. A consultancy work written by Dr. Bramasto Nugroho, Dr. Doddy Sukadri, & Dr. Bambang Widyanoro on: Study/assess and analyze regulations concerning SFM, forest based carbon, C stock, CO₂ sequestration and green products.
3. A consultancy work written by Dr. Dodik R. Nurrochmat on: Review Infrastructure Framework and Mechanisms Related to SFM as an Important Option in Reducing Emissions from Deforestation and Forest Degradation.
4. A consultancy work written by Dr. Bahruni on: Conduct study and analysis on economic incentive framework of SFM as important option for forest based climate change mitigation-to reduce emission from and by tropical forest.
5. A consultancy work written by Dr. Teddy Rusolono & Dr. Tatang Tiryana on: Collect and analyze data of REDD and SFM based projects on the ground.
6. A consultancy work written by Dr. Chairil Anwar Siregar on: the Development of Forest Carbon Standard and Carbon Accounting System for Small-Scale Plantation Based on Local Experiences).
7. A consultancy work written by Dr. Bambang Widyanoro on: Draft national strategy on enhancing and maintaining forest carbon stock through SFM activities.
8. An international consultancy work written by Dr. Rizaldi Boer on: Study on sustainable forest management, forest-based carbon, carbon stock, CO₂ sequestration and green products to reduce emissions from deforestation and forest degradation.
9. Printing publications on
 - PT. Riau Andalan Pulp and Paper in Riau: Sustainable management of planted forests;
 - PT. Wirakarya Sakti in Jambi: Enhancing forest carbon stock through sustainable management of forest plantation;
 - PT. Sari Bumi Kusuma in West Kalimantan: Sustainable management of natural forests as incentives to enhance forest carbon stock, sequestration and green products in order to reduce emissions from deforestation and forest degradation;

- Singkarak : The implementation of environmental service schemes as an alternative to manage community-based watershed management in West Sumatera;
- Research on forest carbon and their management implications in Gede Pangrango National Park in West Java;
- Timber Estimation and Forest Carbon of Community Forest in Java and Madura
- MRV System Development of Merang REDD Pilot Project;
- Berau Forest-based Carbon Program
- Intensive Silviculture in Natural Forests
- The Management of Protection Forest of Wain River in Balikpapan (East Kalimantan) for Environmental Services
- A Promising Teak Agri-Business in Profitable Sharing Schemes and Forest Carbon Sequestration

3.7. Financial Report

Based on the project budget stated in the Project Document, the project was managing a total ITTO's funds of US \$ 447,071.40 which was consisting of

• Fund managed by the project called the national management cost	: \$ 401,955.00
• Project monitoring administration for ITTO (ITTO monitoring & review and ITTO program support)	: \$ 45,116.40
Grand total	: \$ 447,071.40

During the project implementation period, the project management obtained three fund installments for a total of \$ 401,910 as follows:

• August 8, 2010	\$ 151,940.00
• September 5, 2011	\$ 149,985.00
• February 29, 2012	\$ 99,985.00
Total	\$ 401,910.00

Therefore the real funds managed by the project were \$ 401,910.00. Bank account statement of these three fund intallments was attached.

The project's cumulative expenditures as of July 31, 2012 was \$ 401,910.00. Therefore the remaining fund balance to this date was \$ 0.00 as being seen in the attached bank account statement of July 31, 2012. In other words, all project fund installed by ITTO was used for overall project activities included in the project document. In addition, the project closed its bank account on July 31, 2012. The cashflow and financial statement of the project were attached to this report.

These project financial reports for a period of August 1, 2010 to December 31, 2010, and January 1, 2011 to December 31, 2011, and January 1, 2012 to July 31, 2012 were audited by a Registered Public Accountants called Drs. Juswar & Rekan that had been approved by ITTO based on a ITTO letter of Ref. No. 12-0015, 20 January 2012 signed by ITTO Executive Director. Summary of these financial auditing report was attached.

4. Project Sustainability

4.1. Statement of Project Sustainability

This ITTO-funded project called “Enhancing Forest Carbon Stock to Reduce Emissions from Deforestation and Degradation through Sustainable Forest Management Initiatives in Indonesia” is important for its contribution to the sustainable management of Indonesia’s tropical forests. The contribution of the project might be seen by such outputs expected from the project as (1) availability of information on SFM forest-based carbon, C stocks, CO₂ sequestration and green products, (2) Supporting infrastructure and mechanisms for additional incentives in implementing SFM as an important option to reduce emission from deforestation and forest degradation, (3) disseminating activities to promote public awareness among relevant stakeholders on SFM initiatives in enhancing forest-based carbon, sequestration, carbon stock and green products locally and globally.

The project has assisted the Indonesian government to conduct study for developing a draft national strategy on enhancing and conserving forest carbon stocks through sustainable forest management which is intensively discussed in a series of a-5 focus discussion of relevant stakeholders from central government, provincial government, forest-based companies, forest and agricultural associations, non-governmental organizations, colleges, experts, and community representatives. This draft strategy should complete or should support the Indonesian policy on REDD+ for which the Indonesian government has developed its National Strategy of REDD+, and it may support the Indonesian National Action Plans for Reducing green houses gas emissions. In addition, the project has facilitated Forestry Ministry to compose the draft of ministerial regulation on Environmental Services Management in Production Forests, and a ministerial regulation on the implementation of forest-based carbon. In addition several national workshops and studies implemented by the project have also contributed to the Indonesian policy on sustainable management of forests related to reduce emissions from deforestation and forest degradation.

This project is also in line to the prioritized national policy of forestry sectors in mitigation and adaptation of forest-based climate change as part of sustainable forest management as stated in the National Forestry Strategic Plans. Indonesia’s Forestry Ministry has been promoting the policy of sustainable management of the forest resources and has developed regulations intended to ensure the sustainability of the resources. Several ministerial regulations have already existed which may contribute in creating the enabling conditions for climate change mitigation and adaptation actions by reducing emission from deforestation and forest degradation. The latest government regulations relating climate change are the Presidential regulations of Number 61 of 2011 on National Action Plans for Reducing Green House Gases and the Presidential Decree Number 71 of 2011 on Inventory of National Green House Gases. These two presidential regulations indicate major political will from government.

In addition, the project has also studied forest-based carbon projects on the ground in several forest utilization management unit of community-based plantation, natural forest concessions, and industrial planted forests in Java, Sumatera, Kalimantan, and Sulawesi. These studies might be used as a basis for carbon credits in such forest management unit projects. Another lessons-learned was that a simple carbon trade mechanism was practiced by a local community in Singkarak, West Sumatera in which local people were encouraged to plant tree species on the degraded land of approximately 49 hectares. In addition, based on a project result study, sustainable forest management could reduce carbon emissions from forests, and

had the potential to obtain a direct incentive value of carbon (REDD+) while maintaining a level of long-term sustainable timber and non timber forest products. It provided benefits to the public and private sectors, and that was why it was necessarily supported by all parties for their long-term benefits.

Based on those aspects described above, we believe that after project completion the project outputs should be sustained by integrating and by monitoring those relevant outcome to the Indonesian current policies on sustainable management of forests in its relation to REDD+ policy as stated by Executing Agency (Forestry Planning for Use and Business Director, Ministry of Forestry) through the letter Ref. No. S.65/BRPUK-3/2012 on February 21, 2012.

4.2. The Transfer of Capital Goods Purchased

The capital goods purchased by the project such as 2 personal computers (Lenovo), 2 notebook computers (Toshiba), 1 printer (Xerox), 1 scanner (Canon), 1 fax machine (Panasonic), 1 presentation projector (InFocus), 1 camcorder (Sony), 1 pocket camera (Sony), and 1 shredder (Gemet) were transferred to the Executing Agency, i.e. Directorate of Forestry Planning for Use and Business, Indonesia's Ministry of Forestry, as approved by ITTO through an e-mail of July 2, 2012.

5. Conclusions and Recommendations

Basically all project activities planned in the Project Document such as data publication, study and analysis on SFM relating to forest-based climate change, focus discussions, training for relevant decision makers, national workshops and international workshops of relevant stakeholders were implemented within time schedule allocated of 24 months. It was stated that the project implementation was running very smoothly and was managed in a good manner.

The contribution of the project could be seen by such outputs expected from the project as (1) availability of information on SFM forest-based carbon, C stocks, CO2 sequestration and green products, (2) Supporting infrastructure and mechanisms for additional incentives in implementing SFM as an important option to reduce emission from deforestation and forest degradation, (3) disseminating activities to promote public awareness among relevant stakeholders on SFM initiatives in enhancing forest-based carbon, sequestration, carbon stock and green products locally and globally. The project assisted the Indonesian government to conduct study for developing a draft national strategy on enhancing and conserving forest carbon stocks through sustainable forest management and other aspects related to sustainable forest management-based climate change.

The study on forest-based carbon projects on the ground in several forest utilization management unit of community-based plantation, natural forest concessions, and industrial planted forests in Java, Sumatera, Kalimantan, and Sulawesi conducted by project's national experts should be used as a basis for carbon credits in such forest management unit projects. ITTO should be able scale up and should propose a similar project to this one in other countries.

Responsible for the Reports



Name: Mr. Usman _____

Position held : Project coordinator

Date: July 31, 2012

Annexes

1. PSC Structure based on Decree of the Secretary General for the Ministry of Forestry No: SK.79/II-KLN/2010
2. Project workplan and progress
3. Minutes of Meeting of 1st PSC meeting
4. Minutes of Meeting of 2nd PSC meeting
5. Summary of consultancy work
6. Concluding remarks of national workshop
7. Wrap up of international meeting
8. Minutes of Meeting of international meeting and its Agenda
9. Pictures of publications and consultancy work
10. Documentation of national workshops
11. Documentation of international workshop
12. Documentation/photos of FGD for draft national strategy
13. Financial report
 - a. Latest bank statement from Mandiri Bank
 - b. Project cash flow of July 31, 2012
 - c. Financial statement of July 31, 2012
 - d. Bank account statement of July 31, 2012, August 31, 2010, September 30, 2011 and February 29, 2012
 - e. Report of Independent Auditors of project's finance as of 2010 & 2011
 - f. ITTO's Annual Financial Audit of the Project
14. Letter of Forestry Planning for Use and Business Director, Ministry of Forestry Ref. No. S.65/BRPUK-3/2012 on February 21, 2012.