

Financial Cooperation (KfW)

This module focuses on the implementation of REDD+ 'on the ground'. It aims to demonstrate the viability of a pro-poor REDD mechanism in Kalimantan to decision-makers and stakeholders, thus enriching the national and international debate on REDD+ with practical implementation experience. KfW uses a district based approach in order to prepare selected pilot areas for national and international carbon markets. KfW finances measures to achieve readiness in three districts of Kalimantan (Kapuas Hulu, Malinau, Berau), realizes an investment programme for REDD demonstration activities and develops an innovative and fair incentive payment scheme.

Components of the FORCLIME Financial Cooperation (FC) Module:

- **Livelihood:** improvement of livelihood and capacity building.
- **Forest ecosystem management:** forest ecosystem assesment, support to FSC certification, best practice of concession management, qualified data and information.
- **Documentation and dissemination of lessons learned.**
- **Carbon management:** carbon accounting, remote sensing, GIS, and terrestrial inventory, benefit sharing financing / carbon payment.
- **Carbon management and land use planning:** carbon monitoring at site and district level, support communities to conduct carbon monitoring.
- **Participatory land use planning & management:** demarcation of village boundaries, support to micro land use planning.
- **Support to community forestry.**

KfW is the German Development Bank, acting on behalf of the German Government. It carries out cooperation projects with developing and emerging countries. In Indonesia, KfW's long-standing cooperation started in 1962 with its local office in Jakarta established in 1998. KfW has been actively engaged in the forestry sector since 2008, as mandated by the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB). Our forestry portfolio includes REDD+, Biodiversity and Integrated Watershed Management, Ecosystem Restoration and an ASEAN Regional Programme.



Reconciling Economic Growth with Emissions Reductions

Why we work on Forests and Climate Change

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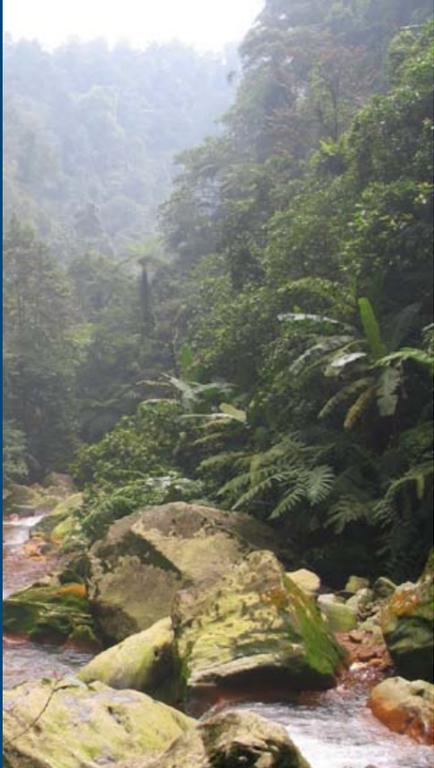
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The Indonesian government has set an annual target for economic growth of seven per cent over the next few years. Much of this economic growth will come from land-based economic developments such as oil palm, pulp and paper, and mining concessions. But Indonesia has also committed to reduce greenhouse gas (GHG) emissions by 26% (or 41% with external assistance) by 2020 compared to 'business as usual' and 29% until 2030 according to its Intended Nationally Determined Contribution (INDC).

The dilemma is clear. Uncontrolled expansion in the oil palm, pulp and paper, and mining sectors is one of the main drivers of deforestation, yet the emissions savings needed to achieve the reduction target require a fundamental change in how forests are used – avoiding deforestation and peat decomposition and reducing forest degradation, while increasing carbon stocks by planting trees and rehabilitating forests. The challenge is therefore how to sustain growth and make it work for poor people in rural areas while limiting planned natural forest conversion and preventing unplanned deforestation and forest degradation. In short, the challenge is how to reconcile the twin targets of economic growth and emissions reduction.



Technical Cooperation (GIZ)

The TC module implemented by GIZ supports the institutional and regulatory framework for sustainable forest management, nature conservation, and reduced GHG emissions from the forestry sector.



What we do

Key elements of the FORCLIME TC module focus on support for the establishment of improved operational and governance structures for sustainable forest management, such as Forest Management Units (FMUs), and collaborative management arrangements for protected areas. We contribute to the development of policies, strategies and the necessary 'ingredients' for sub-national REDD+ implementation by providing practical experience from three pilot districts in Kalimantan. FORCLIME TC module works through six Strategic Areas (SA) to achieve its desired impacts:

SA1: National and Sub-National Regulatory Framework (Forest Policy)

At the national, provincial and district levels, FORCLIME provides policy advice and helps with strategy development for forest sector strategies and medium-term plans towards the requirements of GHG emission reductions, forest governance and sustainable development. Moreover, FORCLIME supports the Ministry of Environment and Forestry to improve the regulatory framework for sustainable forest management through administrative reforms, including the establishment of forest management units (FMUs). Another important field of support is devoted to preparing the implementation of a future REDD+ mechanism.

SA2: Forest Management Unit (FMU) Development

FORCLIME supports the establishment and development of FMUs in Indonesia at the national and local levels. While support at the national level mainly focuses on the development of relevant policies for FMU development and capacity building, at the local level FORCLIME supports the implementation of FMU design, planning and management. Therefore FORCLIME actively supports the development of three Model FMUs in the districts Berau (East Kalimantan), Kapuas Hulu (West Kalimantan) and Malinau (North Kalimantan) and strategic FMU innovation in other FMUs relevant to the national FMU development.

SA3: Sustainable Forest Management (SFM)

The private sector plays an important role in the management of forest resources in Indonesia. FORCLIME works together with the Indonesian Forest Concession Holders Association (APHI) to raise awareness about the importance of forests in the context of REDD+ and Sustainable Forest Management (SFM). Analysing the effects of sustainable forest management on emission reductions compared to a Business As Usual (BAU) scenario is another activity supported by the programme.

SA4: Integration of Conservation and Development (Green Economy)

FORCLIME supports the understanding of the Green Economy concept among relevant stakeholders. Mainstreaming Green Economy principles in development planning and public financial mechanism and enhancing sustainable livelihoods of communities in and around forests are key activities: FORCLIME supports the development of local capacities, promotes the economic value of non-timber forest products, and encourages local stakeholders to participate in evolving marketing and investment strategies.

SA5: Human Capacity Development (HCD)

FORCLIME provides assistance on human resource capacity development at the national and sub-national levels in order to support sustainable forest management, which contributes to the benefit and welfare of communities as well the reduction of GHG emissions from the forestry sector. FORCLIME's assistance focuses on (1) Developing policies with regard to human resource capacity development; (2) Strengthening the management capacity of training and educational institutions (particularly the Centre of Forest Education and Training in Bogor); and (3) Development of trainings related to Forest Management Units (FMU) and climate change mitigation in the forestry sector.

SA6: Biodiversity and Management of Protected Areas

FORCLIME provides assistance on biodiversity and protected areas management at the national and sub-national levels in order to support sustainable forest management that contributes to the benefit and welfare of communities, as well as the reduction of greenhouse gas emissions from the forestry sector in Indonesia. FORCLIME's assistance focuses on (1) policy improvement with regard to biodiversity conservation and protected areas management; (2) institutional strengthening of protected area management in the framework of Forest Management Units; and (3) promoting best practices for shared governance of biodiversity conservation and protected areas management.



The Forests and Climate Change Programme (FORCLIME) is a bilateral Programme of the Indonesian Ministry of Environment and Forestry (MoEF) and the German Ministry for Economic Cooperation and Development (BMZ). The Programme is composed of a technical cooperation (TC) module supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and a financial cooperation (FC) module supported by the KfW Development Bank.



Technical Cooperation - TC

- Strategic Area 1: Forest policy, strategic planning and institution building
- Strategic Area 2: Establishment of Forest Management Units (FMU)
- Strategic Area 3: Sustainable Forest Management (SFM)
- Strategic Area 4: Integration of conservation and development (Green Economy)
- Strategic Area 5: Human Capacity Development
- Strategic Area 6: Biodiversity and Management of Protected Areas

Financial Cooperation - FC

- National Programme Management Unit - NPMU
- District Programme Management Unit - DPMU
- Resource Persons (REDD, Forestry, Socio-economy, MRV, Audit)
- Programme Coordinators (Technical & Administration issues)

Our Partners

The FORCLIME Programme is jointly implemented by the Indonesian Ministry of Environment and Forestry, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KfW Entwicklungsbank (KfW). Since the programme works closely with district and provincial forest administrations, the government of the three pilot districts (Kapuas Hulu, Malinau and Berau) and provinces (East, West, North) Kalimantan are also members of the partnership.

FORCLIME supports the Ministry of Environment and Forestry's national and regional training and education centres and collaborates with NGOs and the private sector, and is also open to cooperation with other bilateral and multilateral development partners.

What we want to achieve

The goal of FORCLIME is to reduce GHG emissions from the forest sector while improving the livelihoods of Indonesia's poor rural communities.

To this end, FORCLIME combines the specific approaches of technical and financial cooperation in a multi-level approach, where TC focuses on forestry administration reform processes and human capacity development at all levels while FC supports district-based REDD+ pilots in three districts of Kalimantan. This approach is in line with the MoEF's vision and mission as set out in its medium-term strategic plan (Renstra 2015 - 2019).

