

The UN's reducing emissions from deforestation and forest degradation (REDD) program had been agreed on as an interim financial institution for the Indonesia-Norway climate deal in a two-day meeting held from Aug. 18 to 19.

The Indonesian delegation was led by Presidential Work Unit for Development Monitoring and Control (UKP4) chairman Kuntoro Mangkusubroto and the Norwegian delegation by Eivind S. Homme, Norway's ambassador to Indonesia.

Hadi said the UN-REDD program was chosen as the interim financial institution due to its experience in managing funds.

The Forestry Ministry said the UN-REDD program had experience managing Norwegian funds worth \$5.6 million to support Indonesia in implementing a REDD+ project in Central Sulawesi. The REDD+ fund in the province would be disbursed over 20 months, starting from Jan. 1.

With this experience, he said, the UN-REDD program was more familiar with the disbursement process of Norwegian funds than other institutions.

"The disbursement process would therefore be quick," he said.

On May 26, the Indonesian and Norwegian governments signed a moratorium agreement under the REDD+ scheme, requiring Indonesia to stop converting natural forests and peatlands for commercial purposes for two years. In return, Norway would provide compensation of \$1 billion for the moratorium.

Under the deal, Indonesia will not issue any new permits for companies to exploit natural forests and peatlands.

In the meeting, Hadi said, Indonesia and Norway also agreed that new permits for companies to expand their businesses on natural forests and peatlands would not be issued in two years, starting from 2011.

Norway is expected to provide \$200 million in the first phase with a planned initial disbursement of \$30 million in 2010, and the other \$170 million in 2011 to 2013.

The remaining \$800 million would be disbursed after 2014 in stages based on emission reductions from the forestry sector. However, the disbursement would be subject to approval by the Norwegian parliament.

Hadi said the \$30 million initial fund would be used to prepare the implementation of Indonesia's REDD+ strategy, including the establishment of a REDD+ special agency.

"[The agency] will coordinate the development and implementation of REDD+ projects," he

said, adding that a consultation with the UN-REDD program would be held in September. (ebf)