

Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement

Final Report

PPD 47/02 (F)

I. Introduction

The severe forest fires, which occurred in Indonesia in 1997/98 have not only destroyed large amounts of forest, but have also contributed to an increase in greenhouse gas emissions. While deforestation continues, forest rehabilitation is slow due to the limited funding available in the country. The Clean Development Mechanism (CDM) may provide an alternative funding mechanism for forest rehabilitation activities, however, the feasibility of CDM projects in Indonesia needs to be explored.

The pre-project was approved by the Council during its Thirty-second Session in May 2002 and full financing was pledged at the same Session.

II. Pre-Project Objective

The pre-project aimed to collect relevant baseline data and information in order to develop strategies for the promotion of the Clean Development Mechanism in the framework of sustainable forest management involving local community participation. Specific objectives of the pre-project were to:

- (a) Determine practicable and feasible designs of CDM projects; and
- (b) Develop a project proposal, which aims at promoting the Clean Development Mechanism in the framework of sustainable forest management.

III. Pre-Project Strategy and Activities

The pre-project was considered as a learning process to increase the understanding of how to develop and design feasible and practical CDM projects for LULUCF. Literature reviews, field surveys and a series of consultations with local and central governments, forest agencies, forest concessionaires, local communities, environmental NGOs and international industries as well as site visits to collect the necessary information for the development of a project proposal were the main activities carried out by the pre-project.

IV. Pre-Project Achievements and Outputs

The pre-project was completed in December 2002. Specific outputs included an assessment of the actual feasibility of a CDM project in Indonesia, including types of forestry activities, potential participants and beneficiaries and the selection of a project site. Based on the information, a project proposal was developed titled “ Forest Landscape Restoration and Reforestation in Jambi Province of Sumatra using the Clean Development Mechanism (CDM) Scheme” and submitted to the Indonesian Government for consideration.

V. Target Beneficiaries Involvement

The main direct beneficiaries of the pre-project are the members of the APHI, the Ministry of Forestry, local Governments, communities adjacent to the project sites, local universities and NGOs who participated in the process of project proposal development.

VI. Lessons Learnt

Among the many lessons learned it is worthwhile to highlight the following:

1. Many companies are interested in CDM projects due to incentives they expect to gain from the environmental services generated. However, land tenure issues make the selection of appropriate sites, which are eligible under the Kyoto Protocol, difficult.
2. Although local stakeholders generally showed interest in the proposed CDM project, they were also aware of the complexity of CDM-LULUCF. Therefore, capacity building is regarded as crucial for the success of any CDM project and awareness raising is needed to ensure the participation of local communities.
3. It is important that APHI maintain the ongoing collaboration and consultations with the local stakeholders during the interim period before the project is approved and funded to ensure their continued support to the project concept and to initiate measures, which will reduce the risks inherent to afforestation projects in the framework of the CDM.

VII. Dissemination of Results

The results of the pre-project were compiled in the document of the project proposal titled “ Forest Landscape Restoration and Reforestation in Jambi Province of Sumatra using the clean Development Mechanism (CDM) Scheme”, which was submitted to the Indonesian Government for consideration.

VIII. Recommendations Related to Future Work

1. Stakeholders should be involved during the design phase of the pre-project in order to ensure their full support to the pre-project. This will smoothen the process of pre-project implementation and reduce the time required for the development of the project proposal.
2. The effectiveness of the international consultant can be increased by providing timely information on the site conditions and the stakeholders involved as well as by exchanging ideas and information before the actual visit of the consultant to the country.
3. The Executing Agency of the proposed project (APHI) should play a proactive role in the establishment of the Designated National Authority (DNA) for CDM in Indonesia.

4. Due to the complexity of CDM projects, which are still poorly understood by many member countries, ITTO should provide technical assistance to countries wishing to develop projects of this nature.
5. It is important to generate experiences on the ground through the implementation of pilot CDM projects before engaging in the further development of projects based on theoretical knowledge only.

IX. Concluding Remarks

This pre-project constitutes a pilot effort for the development of ITTO projects related to the implementation of the CDM mechanism and LULUCF. The experiences generated during the implementation of the pre-project may provide a valuable input to any further project development in this new area.

The ITTO Secretariat has received the Completion Report of the pre-project and as soon as the Final Financial Audit Report has been submitted and approved, the pre-project can be considered as completed.