Improving governance, policy and institutional arrangements to reduce emissions from deforestation and degradation (REDD)

The Australian National University
Forestry Research and Development Agency, Ministry of Forestry, Indonesia
Center for International Forestry Research, Indonesia
University of New England, Australia
Government of Riau Province, Indonesia
Government of Papua Province, Indonesia

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Deforestation contributes about 17% of all human induced global greenhouse gases emissions. Reducing deforestation and forest degradation (REDD) has therefore an important role in global responses to the threat of climate change. With annual deforestation at about 1.5 million hectares (amounting to about 14% of global deforestation), Indonesia can play a central role in REDD. Indonesia attaches a high priority to building its capacity, as soon as possible, to deal with REDD and the emergent forestry carbon market because during the next four years it will have to negotiate the framework for the inclusion of REDD in the post-Kyoto protocol. It will also need to design the national policies and institutional arrangements needed to implement REDD activities. Through its partnership approach with national institutions, ACIAR is excellently placed to build Indonesia’s capacity to deal with REDD.

The aim of this project is to support the development of policy and institutional arrangements at the provincial and district level to facilitate the implementation of REDD and the capture and equitable distribution of financial benefits from an international carbon market. To achieve this aim, the project will be implemented in partnership with the Forestry Research and Development Agency (FORDA) of the Ministry of Forestry of Indonesia, the provinces of Riau and Papua, and the Center for International Forestry Research.

The first objective of the project is ‘to identify the causes of deforestation in project provinces’. Outputs include reports on the causes of deforestation in Riau and Papua provinces and provincial and central governments better informed about these causes. The second objective is to ‘estimate the benefits and costs of deforestation and REDD’. Outputs include: reports on the economic benefits and costs, and stakeholders’ views, of deforestation and REDD in project provinces; better informed provincial and national policy-makers on the benefits, costs, and opportunities for REDD; and staff from FORDA and Ministry of Environment trained in cost-benefit and stakeholder assessments. The third objective is ‘to improve the governance of forests’. Outputs include: reports on the forest land allocation policies and governance practices in project provinces; policy briefs for the Minister of Forestry and two provincial governors on policy and institutional changes required for improved forest governance; and staff from FORDA and Ministry of Environment trained in policy analysis and development. The fourth objective it ‘to develop a decentralized governance system for REDD’. Outputs include: staff from FORDA and Ministry of Environment trained in the implementation of a performance-based monitoring system; a policy brief for the Minister of Forestry, Ministry of Environment and two provincial governments on options to improve institutional arrangements for community control of forest resources; and staff from FORDA and Ministry of Environment trained in the policy and institutional requirements for the implementation of REDD.

Indonesia will benefit from the project because it will build its capacity to gain access to the emerging forestry carbon market. For instance, if Indonesia could halve its deforestation rate, a conservative estimate shows that it could receive some USD 1 billion per year in carbon credits, with local governments (provincial and district) and their communities potentially receiving a significant share of those benefits. The project will also provide social benefits through its research focus on how communities living within and near forests can gain access to carbon credits. Environmentally, a reduction in deforestation generated by access to carbon credits would benefit Indonesia, Australia and the global community in general because it would mitigate climate change and also reduce biodiversity loss.

The project will employ a range of research methods, which include surveys of stakeholders (eg households, NGO staff, decision-makers), remote sensing and GIS analysis, cost-benefit analysis, stakeholder analysis, systems modelling, computable general equilibrium modelling, and policy simulation.