

The Berau Forest Carbon Program



Location of Berau

Delivering Practical Solutions to Support Development of a National-level REDD Framework in Indonesia

Berau District, located on Indonesia's island of Borneo, within the province of East Kalimantan, has retained more than 75 percent of its forest cover, including one of the largest intact areas of lowland rainforest in the country. But as Berau seeks economic development for its people, the forests face multiple threats from legal and illegal logging, clearing for oil palm and timber plantations and coal mining.

The Berau Forest Carbon Program—a partnership between national, provincial and district governments, civil society, and the private sector—aims to enable Berau to meet its development goals while sustainably managing its forests by developing a carbon finance mechanism that delivers effective incentives to reduce emissions from forest loss. In this effort, Berau offers a meaningful learning opportunity for how the concept of Reducing Emissions from Deforestation and Forest Degradation (REDD) can be applied across an entire political jurisdiction that is large and complex enough to bridge the gap between small, isolated emission-reduction projects and nation-wide REDD programs, thereby providing important lessons to support development of a REDD program across Indonesia.

The Berau Forest Carbon Program can shed light for policy makers on the institutional structures that will need to be in place for national REDD programs to be implemented in countries participating in an international REDD mechanism. UN-level negotiations are missing an intensively documented example that uses real data and circumstances on the ground to illustrate what it will take to successfully deliver REDD across entire tropical forest states or countries. Given the Indonesian government's action at the national level, and strong linkages between Berau and these national processes, the Berau Forest Carbon Program is well poised to serve as this example.

The forests of Berau, where nearly 75 percent of forest carbon emissions have come from degradation according to the International Center for Research in Agro forestry (ICRAF), can also offer critical lessons for how to include reduced degradation in emissions-reductions projects and as part of climate policy. Strategies to reduce emissions from degradation are being built on years of relationships and experience working with timber concessionaires in Berau.

The vision is to have an integrated district-scale forest carbon program, that by 2015, brings at least 800,000 hectares under effective management, avoids emissions of at least 10 million tons of carbon dioxide over five years, protects areas with critical hydrological functions, as well as areas with high-biodiversity values, including habitat of 1,500 orangutans, and creates improved economic outcomes and opportunities for communities living near forests.

The first step in realizing this vision is to build the capacity and institutions to support sustainable land use planning, carbon accounting and community involvement programs, among others, that are well integrated with existing government operations. This institutional readiness will be paired with model, site-level emissions reduction activities, such as reduced impact logging, oil palm swaps and improved management of protected forests, that can be scaled up as forest carbon markets become operational. Such investments will enable Berau and Indonesia to be ready to participate when the future carbon market emerges.



Forests are one of our most powerful tools in the fight against climate change

Berau is home to one Indonesia's largest intact areas of lowland forests. © Fitria Rinawati/TNC

At 2.2 million hectares, nearly the size of Belize, Berau offers a microcosm of the challenges, and potential solutions, of “scaling up” REDD. These include:

- Producing a baseline of estimated historic and anticipated emissions under “business-as-usual” activity;
- Implementing a comprehensive set of mutually-reinforcing strategies for sustainable land use management that align with economic development aspirations;
- Developing legal mechanisms for conservation-based payments to land users that forego legal economic opportunities;
- Integrating communities into overall program decision-making, site-based incentive agreements, and more broadly directed low-carbon development strategies;
- Supporting improved spatial and natural resources planning and decision-making, including
- mechanisms for data coordination by different levels of government;
- Measuring avoided emissions from multiple strategies in different sites under a unified carbon accounting framework;
- Bundling of carbon rights from individual project-scale emission-reduction strategies or land use categories to achieve transactional efficiency;
- Developing mechanisms to share revenue from carbon credits equitably with all relevant stakeholders.

For REDD to succeed across Berau, a governance structure that generates effective decisions supported by a wide range of stakeholders—including all levels of government, private sector, civil society, and local communities—will be designed. Implementing a program of this scale and complexity will involve a specialized, professional project management that can also help build capacity for a longer-term solution. Funding on the order of \$50 million over five years will be required for successful implementation of the programs and strategies anticipated during the demonstration phase in Berau. A dedicated financial mechanism for the Berau Forest Carbon Program will be created to channel funds to these activities in a transparent way, providing donors and investors with confidence that the funds are being used properly.

Tackling the challenges of REDD across the Berau district will provide crucial experience for the complex process of developing a national-level REDD program, and may create solutions that can be replicated elsewhere. There is the potential to demonstrate in Berau, Indonesia how developing countries can generate as much income through sustainable management of forests as they currently do from activities that necessitate forest destruction. It may also create innovative mechanisms for partnership between developed and developing countries, donors and investors, to work together to address the vexing but urgent issues of safeguarding our climate and sustainably managing forest and advance the role of forests in a global climate change solution.

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