



TFCA Kalimantan Congressional Report
2012

Prepared by:
TFCA Kalimantan Administrator



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TFCA2/TFCA KALIMANTAN

Debt Agreement signed:	September 29, 2011
Forest Agreement signed:	September 29, 2011
Type of Agreement:	subsidized debt swap
US budgetary costs:	\$ 19.8 million
Swap Fee share:	\$ 3.96 million
Conservation funds generated:	\$ 28.49 million (up to 2019)

A. Introduction

The 2nd TFCA Indonesia is a partnership between US Government (USG), Government of Indonesia (GOI), The Nature Conservancy (TNC) and World Wide Fund for Nature (WWF), to protect globally significant biodiversity, secure forest carbon, and improve community livelihoods in a manner consistent with protecting forest in Kalimantan (hereafter referred to as TFCA Kalimantan).

TFCA agreements consist of 3 agreements that are interlinked and are an integral part of each other, namely: (1) Debt for Nature Swap with Respect to Certain Debt Owed by the Government of the Republic of Indonesia to the Government of the United State of America Agreement, (2) Swap Fee Contractual Agreement among the Government of the United State of America, The Nature Conservancy, and Yayasan World Wide Fund for Nature - Indonesia, and (3) Forest Conservation Agreement (FCA) among the Government of the Republic of Indonesia, The Nature Conservancy, and Yayasan World Wide Fund for Nature Indonesia. All these agreements were signed on September 29, 2011.

The TFCA Kalimantan program will work with existing programs in three districts: *The Berau Forest Carbon Program* (BFCP) in **Berau**- East Kalimantan, and the *Heart of Borneo* (HOB) in **Kutai Barat** (East Kalimantan) and **Kapuas Hulu** (West Kalimantan). The TFCA program is expected to build on work already begun under those initiatives, and also expected to make strategic investments outside of the target districts in other parts of Indonesia.

This report is prepared to provide comprehensive information about the program preliminary achievement throughout the year of 2012, as its first year.

B. Institutional Arrangement

Based on the consent and agreement among the Government of the United States of America, the Government of the Republic of Indonesia, The Nature Conservancy, and Yayasan World Wide Fund for Nature – Indonesia, dated as of February 3, 2012, Yayasan KEHATI (Indonesian Biodiversity Foundation) has been appointed as the Administrator of TFCA Kalimantan. As the administrator, Yayasan KEHATI has appointed its Director Executive as the secretary of the program Oversight Committee (OC). To support the daily activities, administrator has recruited 6 personnel which was gradually completed by August 2012. In the daily operation, the TFCA Kalimantan staff has been provided working spaces in the Yayasan KEHATI office.

Based on OC conference meeting coordinated by the administrator in February 24, 2012, The GOI Representative Bambang Supriyanto was officially selected unanimously as the Chairman of the TFCA Kalimantan OC. On May 2012, Dr. Agus Sari from Yayasan Pelangi was appointed and joined the Oversight Committee as Designated Member. Due to the duty completion period of Alfred Nakatsuma on July 2012, the OC member from USAID representing the Government of USA, John F. Hansen replaced his position starting from August 2012.

Table 1. Oversight Committee of TFCA Kalimantan

No	Name/Institution	Title
1	Bambang Supriyanto (GoI)	Permanent Member/Chairperson
2	Alfred Nakatsuma / John F. Hansen (USAID)	Permanent Member
3	Nazir Foead (WWF)	Permanent Member
4	Wahjudi Wardojo (TNC)	Permanent Member
5	Agus Sari (PELANGI)	Designated Member

In order to assist the work of Oversight Committee, each permanent OC has appointed their technical member as OC Technical Member (OCTM). OCTM has worked closely with Administrator, present on technical meeting, actively involved in developing framework of key

documents such as Implementation Plan (IP), Social and Environmental Safeguard (SES), Term of Reference for Technical Assistance Provider (TAP), Grant Making Policy & Procedure (GMPP) for preparation of the 1st cycle of Call for Proposal.

Within the year of 2012, seven (7) Oversight Committee meetings were convened in order to expedite the implementation of TFCA Kalimantan, whereas the 5th Oversight Committee Meeting was conducted during the OC socialization and coordination field trip in Desa Long Duhung, Berau, East Kalimantan,

The consolidation from the 1st OC meeting up to the 7th OC meeting was focusing on (i) program development; key documents development as guidance, mechanism in grant disbursement and eligible entity, (ii) institutional arrangement; program name and selection of logo, core personnel and support staff recruitment, (iii) socialization to target districts; to collect information and gain local commitment in supporting TFCA Kalimantan, (iv) Administrative & Financial wise; OC by law establishment, HSBC investment proposal and operation manual development. Besides the OC meeting, several OCTM meeting were held, such as in Bogor on the 3rd July 2012 to review the proposal of Implementation Plan development, on the 25th July 2012, to analyze the presentation of SES development proposal and inception report, and closing the year 2012, OCTM has a meeting on the 6 & 7 December to intensively review and make final propose to the OC pertaining the finalization of IP, SES, GMPP documents.

Logo and official name of TFCA Kalimantan was determined at 2nd OC meeting on May 1st, 2012. The OC has agreed to select “holding tree” as a symbol of official logo and “TFCA Kalimantan” is decided as the official name.

C. Planning Development

The planning documents are very crucial part of the implementation of TFCA Kalimantan in order to achieve its objectives. Initially their developments was sequential, but then becoming parallel in their finalization process where the documents has to be synergized based on the program development needs.

C1. Implementation Plan (IP)

In order to develop TFCA Kalimantan Implementation Plan (IP), the administrator has undertaken a contract with Consultant of PT. Sinar Terangi Samudera, and provided the discussed framework as the basis of its development by the consultant. The IP is a document which translates FCA into general guidance of TFCA Kalimantan implementation for the first five-year period, from 2013 to 2017, and will be further elaborated into Annual Work Plan. The objective of this document is to provide guidance for eligible entities in developing their proposals to be funded under this program. Therefore, it focuses on the identification of indicators of program's objective achievement, its approaches and strategies to achieve those objectives. While drafting the IP, there were series of intense discussions with OCTM, However, the consultant has resulted 5 (five) drafts, which then taken over by the OCTM to be finalized and adjusted based on the latest development of the TFCA program framework.

By the end of December (2012) the document is still in the progress of development and to make it more efficient, each of the OCTM was taking charge in the final development of documents that will be used as the program implementation; and TNC was in charge for the IP development

C2. Annual Work Plan (AWP)

TFCA Kalimantan Annual Work Plan (AWP) for 2013 is a document translated from the Implementation Plan, details of activities which will be implemented under TFCA Kalimantan program. In order to achieve the program's general objectives; various approaches, management in the administrator and site implementation level, and other related matters for the implementation of TFCA Kalimantan, are stated in this document.

The initial draft of AWP was prepared in parallel with the development of KEHATI strategic plan, in order to bring synergies between the foundation and TFCA Kalimantan activities. The first draft was developed after the OCTM meeting on December 2012, as part of the IP and SES finalization working agenda.

The Annual Work Plan was developed according to the draft IP and field identification. However, the activities that will be funded are not limited to the suggested activities, but have to be in line with the program strategies.

The AWP is still in undergoing some changes, due to the development of the IP as the basic document is still in progress. The AWP will be formed based on the final approved IP.

C3. Social and Environmental Safeguards (SES)

Through a contract with Lembaga Ekolabel Indonesia (Indonesia Ecolabel Institution/LEI), SES guideline for the implementation of TFCA Kalimantan was developed based on the FCA, Implementation Plan, characteristic of the target districts, with particular reference to several existing Social and Environmental Safeguards (SES) principals, including UN-REDD, REDD+ SES, WB SESA, CANCUN-UNFCCC, PRISAI (national SES principal). At the end of the contract, the consultant has prepared the following documents for the implementation of safeguards in TFCA Kalimantan.

1) TFCA Kalimantan program implementation safeguard approach recommendation

The document consist of comparison analysis of the existing SES as mentioned above, identification result of potential activities to be implemented under TFCA Kalimantan based on each strategies of the program, identification results of potential risk of each activities, identification results of safeguards needed for each activities, and recommendation of safeguards to be used by administrator for TFCA Kalimantan implementation.

2) Safeguard for TFCA Kalimantan implementation

Description of safeguards for each main activity in TFCA Kalimantan is described in this document, followed by safeguards implementation guideline for TFCA Administrator, and safeguards implementation guideline for the activities implementer, in this case, the grantees.

3) TFCA Kalimantan socialization materials

The presentation material starts by explaining safeguards as the general concept, and then continued with the brief description on existing safeguards used as the reference to develop the one for TFCA Kalimantan. Process of development, and guideline for administrator and activity implementer was then explained in the next slides of the material, including the norms, indicators, and the suggested follow up.

There were some changes to the working period of these documents compared to the contract that has been agreed. Therefore, an addendum was initiated. These changes occurred due to the additional request from the OCTM to detail the SES based on possible activities under TFCA Kalimantan, and also due to continuous development of IP.

Based on the final draft of these documents, OCTM identified the needs to formulate a synthesis of this SES guideline, where it can be used as practical reference in activity planning development, by the eligible entities in their proposal to the TFCA Kalimantan. The formulation of this synthesis was led by WWF.

D. Implementation Guideline

Grant Making Policy and Procedure (GMPP) for TFCA Kalimantan has been developed based on Forest Conservation Agreement (FCA) and will serve as a guidance to select the potential grantees of TFCA Kalimantan program and guide grantees to design concept paper and proposals.

Development of GMPP has been started from July 2012 and has been discussed with Oversight Committee Technical Member (OCTM) on December 5, 2012. The document consists of grant making policy, procedure of grant making, time schedule of grant making process, submission of concept paper and proposal, grant agreement, payment and closure of grant agreement. The grant making process schedule is divided into two cycles every year; cycle I starts on February to July, and cycle II starts on June to November.

The draft was developed based on several OCTM on going discussion. Once the OCTM agreed on the finalization, the document will be uploaded on to TFCA Kalimantan official website, and the grant making process is expected to commence on February 2012, as the planned schedule.

Administrator has also developed several operational guidelines such as; *The Standards of Maximum Cost for Expenditure Activities*; consist of the maximum standard cost, the advance and reporting for travel procedure, *Accounting and Finance Manual*; guidelines for recording financial transaction for administrator and grantees in order to ensure appropriate financial liquidity and fund management monitoring, including management of finance operational, grant controlling, financial report and audit, the *Management of Human Resources, Procurement of Goods and Services, and Inventory of Fixed Assets*; which include human resources management (Process recruitment program implementer, preparation of contact, job description and performance appraisal), Procurement of goods and services (Regulate the process of purchasing goods and services), Inventory of fixed assets (Regulate the fixed assets recording, transfer of

fixed assets, use of fixed assets in the office, maintenance of the fixed assets, fixed assets miss reporting, reporting of the broken fixed assets, inventory taking, lending fixed assets to the others, removal and sale of fixed assets).

In addition, Administrator will be working on developing the standard for proposal assessment and add a more detailed standard of accounting and finance for grantees- which is separated from the standard for Administrator.

E. Communication & Outreach

In 2012, the administrator developed a communication strategy which covers the development of communication materials for stakeholders, establishment of TFCA Kalimantan official website, building the awareness and maintaining TFCA Kalimantan Network. Moreover, the administrator has managed to develop list of potential grantees working within the targeted districts.

Brochures consist of TFCA Kalimantan brief information has been developed and disseminated through Oversight Committee (OC) meeting with local communities, local CSOs, and local government in Berau and Kutai Barat District. Furthermore, a range of new communication material will be prepared after the finalization of IP

TFCA Kalimantan official website was developed based on a contract with PT. Ideafield Indonesia. The first stage of the website development was taken place on July 27 to September 10, 2012. This stage has resulted on several works of the content side of the websites such as;

providing the *'Home' button menu*, *'About TFCA'* which provided TFCA background, partnership framework, objectives, target district, strategy, and program supported), *Management* (organizational structure, Oversight Committee, administrator), *References & Policy* (policy documents, literature & references, publication, report), *Sites Profile* (Kalimantan, target districts, others), *Grants* (grant making policy, procedure, application, monitoring and evaluation), gallery (photo & video). By the end of 2012, supporting documents then added into the web.

To communicate the program further on social media, administrator has created a Facebook account called "TFCA Kalimantan". In addition, a Twitter account '@tfcakalimantan' is added

to the approach. On December, 2012, “TFCA Kalimantan” Facebook page has managed to gain 282 Friends, and attracted 19 followers on its Twitter account. Administrator will continue to spread more necessary information through social media, to give access to the public regarding TFCA Kalimantan news and update.

F. Coordination, Socialization and Consultation

The activities were conducted through 2 OC trips; the first trip was to Berau District in June 2012 and Kutai Barat District in October 2012. On September 9 – 16, 2012, administrator staffs visited Berau District to gain more understanding about the targeted district.

There are some perception gained from the field trips: (1) generally, all local governments support the program, however, they have also warned TFCA Kalimantan should be as part of the local development planning; (2) the local partners wished to have more detail information on TFCA Kalimantan program, in order to build synergy with their working interest and institutional strategy; (3) many potential activities has been identified through the trip and could be developed and financed.

These findings from the field have been included to construct the TFCA Kalimantan planning, as formulated in the implementation plan and annual work plan.

In coordination with the existing program, during the Berau field trip, the OC chair person attended the BFCP Steering Committee meeting. Administrator has attended the FORCLIME Open Office in Berau and participated in “TNBK Executive Tourism Socialization”; an effort of the park management to introduce the ecotourism in the national park and how to support financial income from conservation activities, to the Media and travel Agent.

G. Financial Report

TFCA Kalimantan has established management expense bank account at CIMB Niaga account no. 253-01-00480-00-4. Total receipts from Debt Service Account for management expense in 2012 was USD 312,285 (equivalent to Rp. 2,861,908,725) and total management expenses during 2012 was USD 169,590 (equivalent to Rp. 1,554,180,821), as seen in Table 2. Generally, focuses of preparation executed after the completion of staff recruitment, therefore expenses

occurred more in the second terms of this first year of the program, and only 54% of the management cost has actually been spent for year 2012.

The Budget summary of TFCA Kalimantan is described in Table 3. These programs is a newer TFCA program, without grant expenditure, and simply not have the data necessary to complete the entire table.

Table 2. Management Budget and Expenses, 2012

ID	DESCRIPTION	BUDGET (IDR)	BUDGET (USD)	TOTAL (IDR)	Total (USD Equivalent)
RECEIPTS					
	Fund received from DSA	2,810,562,300	312,285	2,861,908,725	312,285
	Bank Interest	-	-	29,489,004	3,218
Total Receipts (a)		2,810,562,300	312,285	2,891,397,729	315,502
EXPENDITURES					
I	ONE-OFF BUDGET	397,089,000	44,121	334,364,025	36,485
IIa	PERSONNEL & CONSULTANT	1,021,424,000	113,492	536,321,913	58,522
IIb	SES CONSULTANT ^{*)}	170,950,000	18,994	170,950,000	18,654
III	MEETINGS/ WORKSHOP	417,924,000	46,436	88,204,950	9,625
IV	TRAVEL	363,555,000	40,395	273,269,380	29,819
V	PUBLICATION COST	70,074,000	7,786	8,537,036	932
VI	PROFESSIONAL SERVICE	22,500,000	2,500	-	-
VII	GENERAL ADMINISTRATION	213,210,000	23,690	68,524,906	7,477
	SUBTOTAL	2,676,726,000	297,414	1,480,172,210	161,514
VIII	OUT OF BUDGET EXPENDITURES	-	-	-	-
IX	MANAGEMENT FEE	133,836,300	14,871	74,008,611	8,076
TOTAL EXPENDITURES (b)		2,810,562,300	312,285	1,554,180,821	169,590
	Fund Balance c = (a-b)	-	-	1,337,216,909	145,914

Notes: * The fund balance in USD amounted to USD 145,914 was converted to USD based on historical exchange rates when funds were received (April 11, 2012) from DSA (1 USD =Rp.9,164).

Tabel 3. Budget Summary (USD)

Fund Data	2012	Total
No. of proposal submitted	-	-
No. of proposal approved	-	-
Total approved funding for grants ¹	-	-
Total disbursed funding for grants	-	-
Total of counterpart match (grantee cost-share)	-	-
Other leveraged matches (e.g. co-financing)	-	-
Total matching funds as % of approved grants	-	-
Amount spent on management costs	169,590	169,590
Investment income	-	-
Fund balance at the end of year	145,914	145,914