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Republik Indonesia



FIP Forest Investment Program



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PRESS RELEASE

New Investments from the World Bank and Denmark to Improve Forestry Management in Indonesia

Jakarta, October 3, 2016 – Indonesia launched on Monday a new project to improve the management of its forests and better forest-based livelihoods for the communities.

The initiative, called the Promoting Sustainable Community-Based Natural Resource Management and Institutional Development Project (FIP), will support the implementation of the government's Forest Management Unit initiative, known as the KPH program, currently managed by the Ministry of Environment and Forestry.

Minister for Environment and Forestry Siti Nurbaya said that the project may help the government's efforts to reduce greenhouse gas emissions.

*"Reducing emissions from deforestation and forest degradation or **REDD+** and sustainable forest management or **SFM** are two sides of the same coin. When we enhance **REDD+** then we promote sustainable forest management, and vice versa. This initiative should put the dual concept of **REDD** and **SFM** into action through operationalization of the Forest Management Units or **FMUs**,"* said **Minister Siti Nurbaya**.

Around 32 million Indonesians are estimated to live in and around the country's forests.

The project is supported by a USD 17.5 million grant from the World Bank, through its global Forest Investment Program, and 40 million Kroner from Denmark's development corporation, DANIDA.

"Communities living near the forests are dependent on them for income. But increasing threats to forest lands are making communities more vulnerable to poverty. The World Bank supports the government's efforts to better manage and protect the forests, and safeguard the income of the communities," said **World Bank Country Director for Indonesia, Rodrigo Chaves**.

The five-year project will support the harmonization of policy and legislation influencing KPH, facilitate partnerships, and build capacity of local government entities.

"Last year, forest fires cost Indonesia an estimated USD \$16 billion in addition to severe environmental damages. Denmark's contribution to the FIP is aimed at improving the Indonesian government's capacity to mitigate threats to the forest, including fires. This grant complements our support to the Ecosystem Restoration Concession models through our support to Harapan Rainforest, where forest-based livelihoods and management of forests with the involvement of local communities is also essential", said **Ambassador for Denmark, Casper Klynge**.

The project will also enable exchange of knowledge among KPHs and all relevant government and non-government stakeholders, so that they can draw on best practices and learn from each other. The project will be implemented in 10 locations.

This project was developed following extensive consultations with local stakeholders, in close coordination with DANIDA, and the other two proposed FIP financed projects, led by the International Finance Corporation and the Asian Development Bank.

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