



## **Indonesia - Australia Forest Carbon Partnership**

Recognising the depth and closeness of our relationship, the Government of the Republic of Indonesia and the Government of Australia have today agreed to establish a framework for long-term cooperation on reducing emissions from deforestation and forest degradation.

Tropical forest land in Indonesia covers more than 120 million hectares – with tens of millions of Indonesians residing in and depending on these forests for their livelihoods. Indonesia's tropical forests are some of the most biologically diverse and extensive in the world, and host around 10 per cent of the world's plant and mammal species.

Indonesia is playing a leadership role among rainforest countries in its policies on reducing emissions from deforestation and forest degradation, promoting sustainable forest management and conserving its rich biodiversity – and welcomes strong and reliable support from its international partners to achieve substantial and rapid impacts in these areas. The Indonesia - Australia Forest Carbon Partnership will give this support by providing programmes and activities to reduce greenhouse gas emissions from deforestation and forest degradation, to improve livelihoods for forest-dependent communities and to promote biodiversity conservation.

International carbon markets will be important in providing the necessary investment to significantly reduce emissions from deforestation and forest degradation over the long term. Cooperation in the framework of this new Partnership will help both Indonesia and Australia engage in emerging international markets for forest carbon emission reductions.

The Partnership will build upon, and provide clearer goals for, existing cooperation between Indonesia and Australia in three key areas:

- policy development and capacity building to support participation in international negotiations and future carbon markets;
- technical support for Indonesia to develop its national forest carbon accounting and monitoring system; and
- the further development of demonstration activities, and the provision of related enabling assistance, to trial approaches to reducing emissions from deforestation and forest degradation.

The Partnership will incorporate existing cooperation through Australia's International Forest Carbon Initiative, which is one source of external support for the Government of Indonesia's own Reducing Emissions from Deforestation and Forest Degradation in Indonesia (REDDI) initiative.

Indonesia's commitment to international leadership in addressing the challenges of climate change is firm, as reflected by its role as host and Chair of the 13<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Bali in December 2007. Indonesia and Australia both strongly advocated for the decision made at the Bali Conference that reducing emissions from deforestation and forest degradation in developing countries should be part of a future international climate change framework. Our Governments' ultimate aim is to ensure that future international carbon markets provide incentives for reducing emissions from deforestation and forest degradation, and that both Indonesia and Australia have in place the policies and technical capacities needed to participate fully in these markets.

## **Areas of Indonesia - Australia Collaboration**

### **1. Policy development and capacity building**

Indonesia and Australia will cooperate on developing climate change policy, in particular on reducing emissions from deforestation and forest degradation. Recognising our different national circumstances, Indonesia and Australia will cooperate on international negotiations under the UNFCCC and Kyoto Protocol and on the development of our national policies on reducing emissions from deforestation and forest degradation.

Indonesia and Australia will continue to support efforts under the UNFCCC and the Kyoto Protocol to ensure that a future international climate change agreement incorporates efforts to reduce emissions from deforestation and forest degradation. Both countries agree that future international carbon markets provide a sound mechanism for mobilising investment on the scale necessary to support and provide incentives for developing countries to reduce emissions from deforestation and forest degradation.

The Indonesia - Australia Forest Carbon Partnership will incorporate and build on Australia's initial A\$10 million package of support for Indonesia's REDDI initiative. This includes support for the development of a national policy framework and strategies for reducing emissions from deforestation and forest degradation, and may include activities to support sustainable peatland management. Australia will continue to work closely with other donor countries within coordination structures established by the Government of Indonesia.

Indonesia is moving forward with the development of policies and enabling frameworks to establish demonstration activities and ultimately participate in international carbon markets. The Australian Government has committed to developing an Australian Emissions Trading Scheme. Indonesia and Australia will both benefit from an exchange of experience and expertise that will support their participation in future international carbon markets.

### **2. Technical support for forest carbon monitoring and measurement**

Establishing an effective and comprehensive national forest carbon accounting and monitoring system is an essential pre-requisite of participation in international carbon markets. Indonesia is developing a national Forest Resource Information System (FRIS) that will underpin Indonesia's participation in international carbon markets

and the sustainable management of its forest estate. Australia has a National Carbon Accounting System (NCAS) to account for greenhouse gas emissions from land-based sectors.

Under the Indonesia - Australia Forest Carbon Partnership, Indonesia and Australia have established a structured, multi-year program with the aim of further building Indonesia's capacity in forest carbon accounting and monitoring. This will include technical, scientific and analytical support to underpin the development of the FRIS, the provision of remote sensing data, and the sharing of experiences from the development and implementation of the NCAS.

Australia's efforts to support a globally coherent approach to carbon accounting and monitoring, including through historical data acquisition, storage and processing, will also provide direct benefits to Indonesia as it seeks to establish baselines with reference to past rates of deforestation and forest degradation.

### **3. Development of demonstration activities**

Indonesia is developing the appropriate national-level policies and programmes to support the implementation of demonstration activities to reduce emissions from deforestation and forest degradation, as called for in the Bali Action Plan. This includes the development of a national carbon accounting and monitoring system. Successful demonstration activities will facilitate international agreement on market-based approaches to reducing emissions from deforestation and forest degradation in post-2012 climate change framework and also signal Indonesia's readiness to participate in international carbon markets.

The Indonesia - Australia Forest Carbon Partnership will encompass the Kalimantan Forests and Climate Partnership agreed between the Governments of Indonesia and Australia in September 2007. Both countries recognise the importance of the Kalimantan Forests and Climate Partnership as the first, large-scale demonstration activity of its kind in the world, and its role in informing international negotiations under the UNFCCC and Kyoto Protocol. Australia has committed A\$30 million to the Kalimantan Forests and Climate Partnership which will trial an innovative market-based approach to financing and implementing measures to reduce emissions from deforestation and forest degradation in Central Kalimantan.

The Indonesia - Australia Forest Carbon Partnership will support Indonesia in identifying and implementing additional incentive-based demonstration activities. Details of future activities will also be determined during this initial period of collaboration, including addressing technical and methodological issues and the potential involvement of additional partners.

For the Government of  
Australia



The Hon Kevin Rudd  
Prime Minister

For the Government of  
the Republic of Indonesia



H.E. Dr. Susilo Bambang Yudhoyono  
President

Jakarta, 13 June 2008.