

REDD+ as a Catalyst for Green Growth

Global Symposium :
REDD+ in a Green Economy
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Global Green Growth Institute

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GGGI in Indonesia

REDD+ and Green Growth in Indonesia

Green Growth Assessment Case Study

Barriers and Challenges





Government of Indonesia / Global Green Growth Institute (GGGI) Green Growth Program

**Launched by Minister Armida Alishjahbana and Director General Howard Bamsey
18th June 2013**



Green Growth Program 2013-2014 Joint Secretariat Bappenas - GGGI

**Program Aksi Green Growth 2013-2014
Sekretariat Bersama Bappenas-GGGI**



Implementing agencies: Coordinating Ministry of Economic Affairs, Ministry of Energy and Mineral Resources, UKP4/REDD+ Task Force, Bappeda (Central Kalimantan) and Bappeda (East Kalimantan)



Country level

Green Growth Plan

“To promote Green Growth in Indonesia which recognise the value of natural capital, improves resilience, builds local economies and is inclusive and equitable”

Component level

1 Greening the planning process

- 1A: To mainstream green growth within national development planning
- 1B: To mainstream green growth in the MP3EI
- 1C: To increase the use of green technology and increase capital investment in green industry

2 REDD+ for green growth

2: To support the development of a funding mechanism that disburses REDD+ finance to catalyze green growth

3 Regional engagement

3. To support key provincial governments in prioritizing and implementing green growth (East and Central Kalimantan)



- Support the REDD+ Task Force/Agency with the establishment of the Fund for REDD+ in Indonesia (FREDDI)
- Explore and assess the wider green growth benefits of REDD+ projects, including developing the relevant tools and methodologies
- Assess the potential for integrating green growth into a payment for performance mechanism
- Mainstream REDD+ and green growth within national and provincial development plans
- Build the capacity of the national and sub-national government to assess REDD+ projects
- Work with project developers to create REDD+ projects that can deliver multiple green growth benefits



Activity

Description

Green growth assessment of REDD+ projects

- Develop a green growth assessment process with a set of indicators for each green growth dimension to test REDD+ projects
- Carry out detailed assessments of 3 project types, including recommendations on how to develop REDD+ projects that catalyze green growth

Map REDD+ projects in CK/EK

- Map REDD+ programs, projects and activities in Central Kalimantan (CK) and East Kalimantan (EK), GGGI's two priority provinces in Indonesia
- This includes interventions that both (a) establish an enabling environment, e.g. policy reform and readiness and (b) site-specific projects

Support the development of pipeline portfolio

- Analyze all of the provincial and national REDD+ Action Plans
- Identify priority REDD+ activities in the Action Plans and group them according to type and strategic focus area
- Provide advice on the priorities of FREDDI's pipeline portfolio

Apply lessons to design of FREDDI

- Support the REDD+ Task Force WGFI by developing a logical framework for the priority interventions, green growth indicators, selection criteria for FREDDI's funding windows



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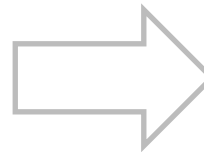
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“And we will need to work together, to adapt our lifestyle and our national policies towards a green global economy, based on the principle of common but differentiated responsibilities and respective capabilities. It is in this spirit that we in Indonesia have adopted a 4 - track development strategy, which is pro-growth, pro-job, pro-poor, and pro environment”.

President Susilo B Yudhoyono, World Economic Forum at Davos, January 2011

- Top 10 global economy by 2025
- GDP to US\$4 trillion (x4 from current)
- Income per capita to \$15,000 (from \$3,000)
- 26% GHG mitigation against BAU
- 41% GHG mitigation with international support
- Forests net carbon sink by 2030
- Competitive Indonesia
- Just and distributed development
- 17% renewable energy base



Indonesian green economy
Pro-poor, pro-job,
pro-growth, pro-environment

Source: Presentation by the Indonesian Business Council for Sustainable Development , 2012



- Indonesia consists of 17,508 islands with total area of approximately 190 million ha.
- The total registered forest area is 120.35 million ha (Ministry of Forestry, 2000), of which 95 million ha is actually forested. Around 50% of this area is primary forest.



Deforestation took place at a rate of circa one million hectares per year through the 2000s.

Deforestation and land use change contributes to around 80% of Indonesia's GHG emissions.

A moratorium on new permits for activities in areas of peat land and primary forest has just been extended for a further 2 years.

In 2010, forestry and related products contribute 3.5% to Indonesia's GDP.

Chatham House estimates that illegal logging represents around 40% of total timber production.

The Ministry of Forestry claims the moratorium slowed deforestation rate to 450 ha/year during 2010-2011.



- REDD+ is central to Indonesia's commitment to reduce GHG emissions. However, **REDD+ can also contribute to broader development goals**, i.e. Pro-poor, pro-job, pro-growth, pro-environment.
- REDD+ activities should support a **sustainable, resilient local economy** that provides livelihoods, protects biodiversity and forest ecosystem services, including carbon sequestration.
- REDD+ activities that deliver multiple development outputs should be prioritized over interventions designed to simply reduce GHG emissions.
- REDD+ activities that can help deliver broader development goals are also likely to gain greater political and community support at all levels.
- With the REDD+ Agency and FREDDI about to be established, now is a critical time to ensure that this 'green growth' approach is applied to the pipeline of REDD+ projects and the design of FREDDI's funding windows.



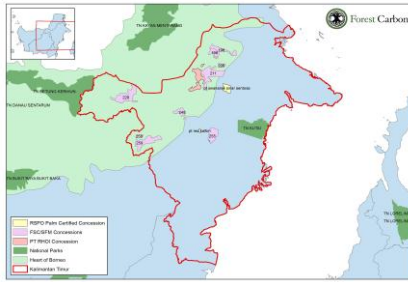
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Green Growth Assessment Process (GGAP): Applied to a forestry project



1. Identify 3 REDD+ projects and develop project assumptions

2. Map the impact pathway for each project type

Input	Activity	Output	Outcome	Impact
Project or intervention being considered	Resulting activity from the input	Tangible result of the activity	Result on economic or physical environment	Benefit/deficit measurable by stakeholders
R&D in palm oil extraction	Technological improvement to palm oil production process	Best performers become industry leaders, using cutting edge processes	Less natural resources required in manufacturing process	Improved climate resilience, economic growth

END

6. GG assessment for 3 project types

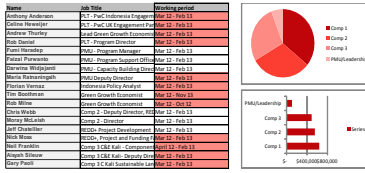


Source: PwC/WWF

3. Identify indicators for each activity

GHG	Economic Growth	Climate Resilience	Biodiversity	Social Development
a per unit b	a per unit b	a per unit b	a per unit b	a per unit b
£ / tonne	£ / tonne	£ / tonne	£ / tonne	£ / tonne
Emissions CH ₄	Emissions CH ₄	Emissions CH ₄	Emissions CH ₄	Emissions CH ₄
GHG intensity	GHG intensity	GHG intensity	GHG intensity	GHG intensity
\$/ tCH ₄	\$/ tCH ₄	\$/ tCH ₄	\$/ tCH ₄	\$/ tCH ₄
% Δ CO ₂ e	% Δ CO ₂ e	% Δ CO ₂ e	% Δ CO ₂ e	% Δ CO ₂ e
Real GDP a	Real GDP a	Real GDP a	Real GDP a	Real GDP a
a per unit b	a per unit b	a per unit b	a per unit b	a per unit b
£ / tonne	£ / tonne	£ / tonne	£ / tonne	£ / tonne
Emissions CH ₄	Emissions CH ₄	Emissions CH ₄	Emissions CH ₄	Emissions CH ₄
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a per unit b	a per unit b	a per unit b	a per unit b	a per unit b
£ / tonne	£ / tonne	£ / tonne	£ / tonne	£ / tonne
	Emissions CH ₄	Emissions CH ₄	Emissions CH ₄	Emissions CH ₄
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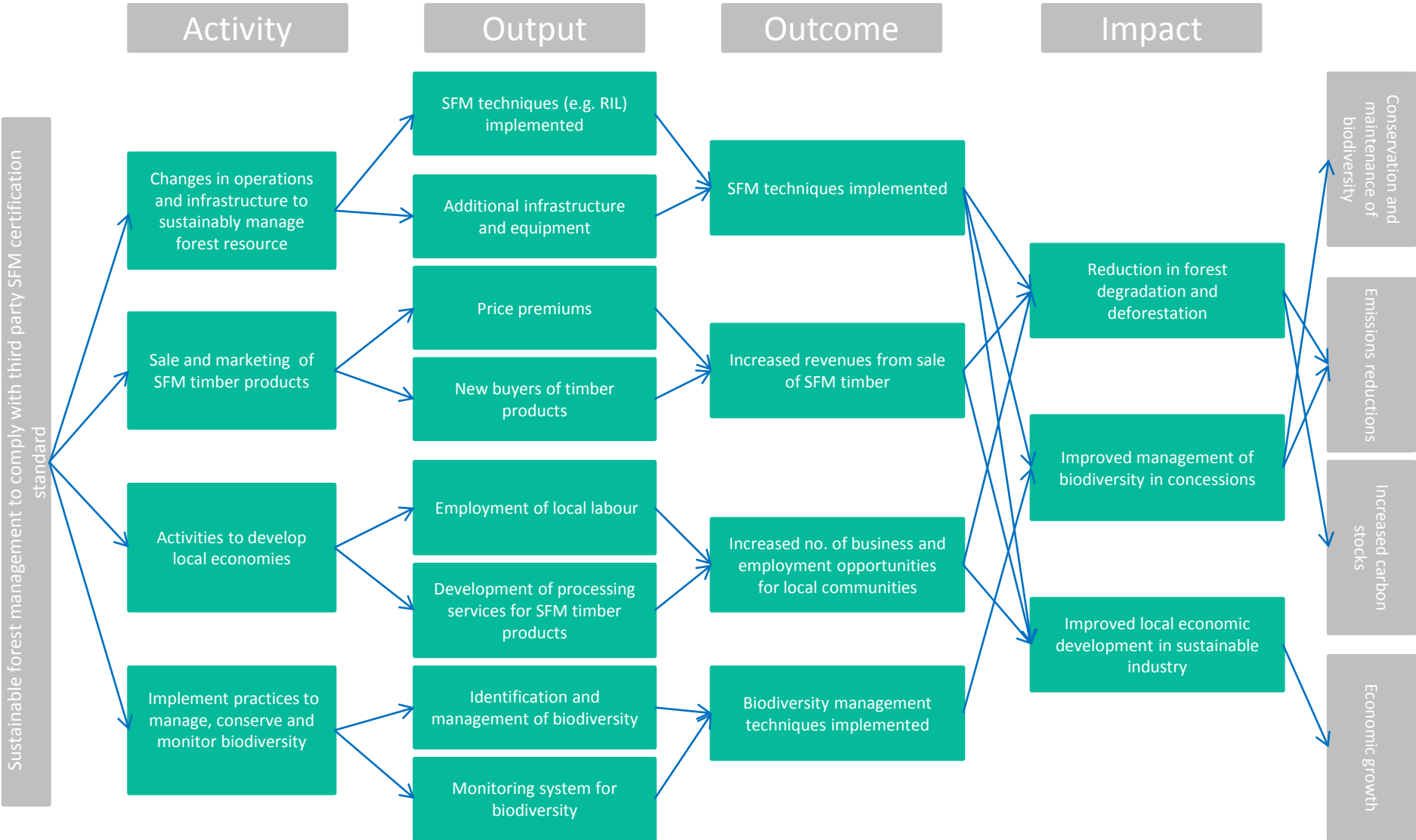
5. Conduct extended CBA for each project



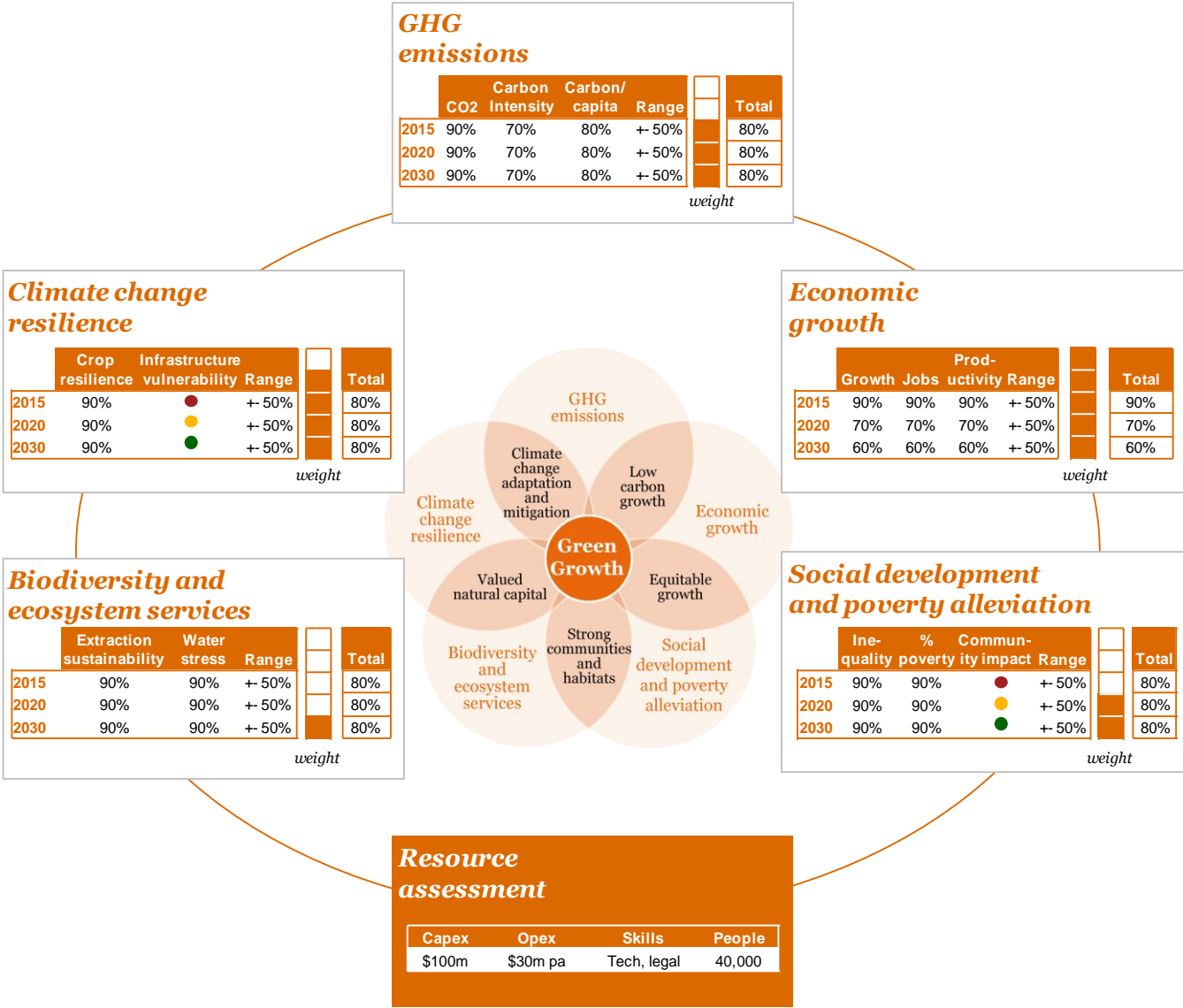
4. Collect data for each indicator

Data collection template		
GHG	£	<input type="text"/>
Economic Growth	\$	<input type="text"/>
Climate Resilience	km ²	<input type="text"/>
Social Development	Ha	<input type="text"/>

Impact pathway for sustainable forest management



Expected results from Green Growth Assessment Process (GGAP)





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- There are a number of challenges to ensuring that REDD+ delivers green growth:
 - REDD+ funding focussed on carbon emissions reductions
 - Lack of methodologies to quantify wider benefits
 - Lack of institutional capacity to implement policies and manage funding mechanisms
- As Indonesia moves forward with REDD+, particularly if these need to incentivize wider green growth activities, it is important that payment for performance recognises wider benefits of REDD+, this requires:
 - Need for tools and methodologies to assess projects
 - Consider how these can be integrated with funding mechanisms
 - Government capacity needs to be built in this area
- GGGI is working with the Government of Indonesia and other stakeholder to ensure that Green Growth is integrated into funding mechanisms



Thank you!