**Workshop Summary Report on a Green Economy Corridor in Kalimantan**

**Le Meridien Hotel, 12-13 August 2011**

**Jakarta, Indonesia**

**Introduction and Background**

*We see Borneo, as a strategic national area important for environmental functions and carrying capacity for national benefit. The goal is to maintain this area for its biodiversity value and watershed services, as well as its global carbon emission reduction potential whilst working with local communities and to ensure economic development sustainable development.*

*(excerpted from the intervention by Andi NOVIANTO, Ministry of Economic Affairs, Indonesia, at the workshop).*

Indonesia has committed to realizing 7% GDP growth p.a. (by 2014) while achieving a 26-41% reduction in the emissions of GHG by 2020, and significantly and sustainably improving the wellbeing of its people whilst doing so. The natural resources sector, particularly forests, forestry, and its biodiversity, must play a significant role in the achievement of these targets.

Recognising the urgency of the demands, the Presidential Unit for Development Monitoring and Oversight (UKP4) is working with UN on the development of a **concept note** on Green Economy Corridor initiatives with specific reference to the Kalimantan Corridor as described in the MP3EI[[1]](#footnote-1). . This concept focuses on actions that can be achieved in the short term, i.e. the next six to twelve months, while recognizing that achieving green growth requires a longer, structured process of ensuring cutting-edge science and technology can truly inform policy making and implementation. This concept also lays out how a consortium of partners can support the Government to achieve its target of reducing forest based greenhouse gas emissions, while at the same time generating multiple benefits for people’s livelihoods, the economy and conservation.

To continue realization of this vision, a workshop convened by Presidential Delivery Unit (UKP4) and supported by UNEP, UNDP and WWF-Indonesia, held a planning workshop to elaborate the proposal and the partnership arrangements that would be needed to support it as well as to build synergies and coherent vision. The planning workshop consisted of two components over the two days; the first day brought together key policy makers in a high level forum to focus on how REDD+ could be a catalyst towards a green economy or one which promoted sustainable economic growth. The second day dealt with technical discussion on tools and methods to achieve the integrated objectives of the Kalimantan corridor. The meeting took place in Jakarta and was attended by key policy and decision makers from the national and regional Government, technical experts, members of academia and non-governmental organizations. Annex 1 and 2 contains a list of participants for both meetings and the agenda respectively.

**DAY 1 – August 12**

Mr. Roy Rahendra (UKP4) opened the meeting and explained the objectives. The purpose of the workshop to bring together the development objectives of Kalimantan together with ideas on how to protect, restore and manage the landscape through for example the Heart of Borneo concept. (See Annex 2 for the agenda of the meeting). Key policy makers including the Minister Pak Kuntoro Mangkusubroto, Heru Prasetyo, UKP4, Raldy Santo Kustur, Staff Minister of Economic Affair and Andi Novianto, Ministry of Economic Affairs espoused the opportunity to marry economic growth with ecological or green development and socially equitable growth.

Pak Kuntoro underlined the need for the exchange of views and experiences to contribute to a new era of sustainability and economic growth, while protecting the ecological and environmental basis upon which economic growth and sustainability depended upon. The importance of bringing together partners and different perspectives was highlighted. There was clear interest and an aspiration that Kalimantan Province as a whole could be exemplary in demonstrating how a green economy could evolve through the use of models, tools and multi-stakeholder dialogue.

The policy makers at the workshop expressed overwhelming support to follow through with a determination of Kalimantan’s trajectory towards a green economy. REDD+ provides a good stepping stone or entry point in terms of institutions and processes, legal and regulatory framework, strategic programmes and the need for a cultural shift and stakeholder management. Some of the challenges include the capacity to handle this new concept, investments in the right places, strong regulatory framework, the recognition of local and indigenous rights and a paradigm shift from ‘business as usual models’. It was stressed that the green economy can be integrated in Kalimantan economic corridor through targeted identified initiatives, articulation of cross sector themes and a nexus between central government and regional autonomy. In this regards international support to reach these objectives is welcome.

Discussions highlighted the importance of human resources and capacity development as well as tapping appropriately into the capacity within advanced learning institutions. Integration of policies for regional autonomy and harmonization of laws and regulations (such as Pokja REDD, DNPI, C3S and many other Pokja that coordinated with DNPI; The LCGS concept needs to be approved by the Parliament House at the provincial level) were key prerequisites. The climate change issue has been integrated into APBD. There are conflicts around natural resource management and these need to be resolved. Spatial planning, managing upstream downstream linkages and bringing in the public and private sectors (not only government) will be important. Specific strategies must involve building alternatives for forests and forest products and cognizance of uniqueness of this region. Kalimantan has a very strong commitment in contributing to national goals of reducing 26% greenhouse gas while maintain 7% economic growth but must address the issues above.

Integration and planning was highlighted by many of the participants. The goal of the ‘Heart of Borneo Initiative’ is to position Kalimantan as a strategic national area for the provision of environmental functions such as carbon, catchment services, biodiversity value and carrying capacity for national benefit.

Anna van Paddenburg (WWF) shared the project strategy for the Heart of Borneo concept which underscored the need to drive economic growth, while valuing natural capital and securing food and water, as well as addressing climate and resource security. She mentioned that a project website would soon be available for all the partners. Presentation Threshold 21 Model to sketch a Green Economy Corridor by Andrea Bassi showed how options outside of the current focus for the Kalimantan Economic corridor which is the development of mining products and national energy reserve should be found; Options can be found in fisheries, logging and rubber with improved infrastructure being key (river, rail and toll roads). The presentation showed how regulatory reform is key to eliminate overlapping regulation and to provide incentives for economic activities in the MP3E1 strategy. Harmonizing environmental considerations will be necessary as there are currently 10 Laws, 7 Government Decrees, 5 Presidential Decree/Instruction/Decision and 9 Minister’s Decrees to adhere to. WWF presented the oil palm case and demonstrated how most of the profits emanated from the plantation stage. The balance needs to be found and priorities need to be set in place for land use corridors, legal reform and conservation priorities. Pavan Sukhdev (UNEP) focused on the design of economic performance and where the source of GDP growth is sourced. He mentioned this in the context of the poor and where economic growth is going to come from that will be able to change their status. Deforestation affects the rural poor and the flow of benefits that accrue to them, in this context it is important to keep the objective of income growth, whilst reducing poverty and creating more jobs and doing so without excessive negative environment and ecological effects.

**DAY 2, 13 AUGUST**

The second day focused on technical discussions to try to operationalize the vision and path set by the policy makers the day before. Three areas were discussed; data, scenarios and policy issues.

The data requirements (such as social, natural and economic data at various scales and levels) and their location were discussed as well as the quality of the data needed. Key issues related to consistency of data and how updated figures were. A strategy is needed for example with respect to valuation of biodiversity and which measure to use to adequately reflect values of various stakeholders.

Progress on the model, data collection is proceeding and cross sectoral data has been a cooperative efforts. There are however still several data gaps, especially concerning cross sectoral time series for Kalimantan. Calibration of the key sectors, (population, economy and land use) will begin. The workshop discussion helped to outline the key causal relationships better and these will be reflected in the model’s structure development.

The development of ‘scenarios’ were discussed as a tool to assist in identifying the types of results to envisage across the ‘business-as-usual’ to the ‘green economy’ spectrum. Scenarios can be constructed around variables such as the geographical scale (local, provincial, national) and market/non market contexts. Other variables such as governance, for example changes in global governance under the UNFCCC and the climate agreements would need to be considered; population growth, food prices, etc.

Policies to support desired outcomes such as clear community land tenure regimes, better forest protection and effectively functioning forest management unit, spatial planning and identification of optimal uses for land, maintenance and improvement of ecosystem service and social goals were discussed.

There were also recommendations for increased investment in research and development such as for instance in sustainable palm oil production, productivity increases and in market value chains. The idea that was communicated was that we need to generate more productivity and benefits with less resources, and efficiency and innovation are crucial elements in this regard.

**Conclusions**

A green economy corridor is feasible and doable, it takes multistakeholder dialogue and this would mean bringing in interests and voices that are not currently involved in the process. It was clear that there is support and political will to push forward. The UN’s roles was appreciated and the utility of the Millennium 21 model/scenario and follow-up actions to present policy makers with coherent information to achieve the multifaceted goals set out for Kalimantan and Indonesia. The concluding remarks by Pavan Sukhdev at UNEP urged policy makers to employ a vision that would detail metrics and values of the poor such as ‘GDP for the poor’ in order to derive measures that specifically target the rural poor.

*‘We know what a green economy is the desired goal and the challenge is how to get to this goal and implement the priorities we shall identify. The technical work is important for allowing the implementation of our version of the green economy.’*

*Pak Kuntoro Mangkusubroto, UKP4*

In the closing ceremony, Pak Kuntoro Mangkusubroto, UKP4 thanked the UN and UNEP for moving fast to respond to Indonesia’s request delivered a month ago. The work on the T21 – Kalimantan model starts to bring the various considerations that decision makers require to make informed choices for a Green Kalimantan fully linked to the MP3EI and the regional linkages with the six corridors. He noted the importance of engaging at a higher political level as this work progresses. Kalimantan can be a role model to demonstrate the transition from ‘brown’ to ‘green’ with accompanying social equity goals.

Annex 1 and 2 appended as separate PDF files.

1. In the ‘Acceleration and Expansion of Indonesia Economic Development Report (MP3EI) Indonesia has 11 national priorities and describes evolving national development goals set by the United Indonesia Cabinet II 2010-2014: These are 1. Bureaucratic reform and governance, 2. Education, 3. Health, 4. Poverty reduction, 5. Food security, 6. Infrastructure, 7. Investment and business climate, 8. Energy, 9. Environmental and post disaster management, 10. Disadvantaged, isolated and post conflict areas, 11. Culture, creativity and technological innovation. Economic growth will be achieved through the development of economic corridors in six provinces. Each of six corridor have a major: Sumatra: Land Based Products and Energy Java: Industries and Services Bali and Nusa Tenggara: Tourism and Food Security Papua: Natural & Human Resources Sulawesi: Agriculture, Farming and Fisheries Kalimantan: Mining and Energy [↑](#footnote-ref-1)