Indonesian Roundtable on Greening the National Development Plan

21 June 2013, Dua Mutiara 2, J W Marriott Hotel Jakarta

SUMMARY

There is a worldwide recognition that current modalities of development are not sustainable, and the way forward is a transition to a green economy. Indonesia has embraced this and green growth has received the highest level of commitment in Indonesia.

Indonesia appreciates that this transition is imperative to achieving its key priorities of economic growth, greater social equity and inclusion, and sustainable use of natural resources. Its success can provide a critical new development paradigm for the world. The time is ripe to contribute to discussions on transformation to a green economy and promote its integration into national development strategies and plans, with a particular focus on the Mid-term National Development Strategy (RPJMN) as an entry point for realising Indonesia's ambitions for sustainable development.

In response to this need, the Government of Indonesia in partnership with the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the United Nations Office for REDD+ Coordination in Indonesia (UNORCID), held the National Roundtable on Greening the National Development Plan on 21 June 2013 at the JW Marriott Hotel Jakarta, Indonesia.

During this event, crucial issues surrounding Indonesia’s transition into a green economy were examined. Factors essential to this process were discussed by a diverse panel of leading experts from the Indonesian government, academia, research institutions, and think tanks that made for a rich and diverse discourse. Opening remarks were delivered by H.E. Dr. Kuntoro Mangkusubroto, Head of the Presidential Working Unit for Development Monitoring and Oversight (UKP4) and Chair of the National REDD+ Task Force (SATGAS REDD+), and H.E. Dr. Ir. Lukita Dinarsyah Tuwo, Vice Minister of BAPPENAS. Keynote speeches were delivered by H.E. Prof. Dr. Emil Salim, Chairman of the President’s Advisory Council, and Mr. Pavan Sukhdev, UNEP goodwill ambassador, who also served as the moderator for the roundtable.
The roundtable was divided into three themed panel discussions. The first session focused on identifying key challenges with greening the National Mid Term Development Strategy (RJPMN). The second session focused on identifying indicators and benchmarks relevant to the Indonesian context of a green economy transition and the third session focused on the way forward to greening the RPJMN.

Emphasis was made throughout the discussions on the three core principles of the development plan; pro-job, pro-poor and pro-growth. The output of the roundtable is expected to help initiate discussions leading to the development of substantive indicators and benchmarks for a green economy transition in Indonesia.

OPENING SESSION

The Workshop was opened with a welcome address by Mr. Satya Tripathi, Director of the United Nations Office for REDD+ Coordination (UNORCID). Mr. Tripathi stressed that optimism alone does not bring results and that the most critical catalyst for change is strong political will. Domestically, the President of Indonesia has given his support for climate change mitigation. Due to this political motivation, the global community is looking to Indonesia as a pioneer. Indonesia has successfully started planning the transition towards a green economy but provocative challenges lie ahead. Collaboration at all levels needs to be successful to allow for a green economy transformation. Mr. Tripathi ended his remarks encouraging that a transition to a green economy is indeed possible in Indonesia.

Also delivering a welcome address was Ms. Beate Trankmann, Country Director of the United Nations Development Programme (UNDP). Ms. Trankmann highlighted that the path towards sustainability is through green economy. Many efforts have been made recently with remarkable investment in research and development, but again political will is critical. There needs to be a switch from talk to more action. A strong focus on fiscal policies, and market and economic incentives needs to be created. There lies a need to define the future everyone wants post 2015. With the on-going planning of the RPJMN, it is important to include green economy. Further, she underlined the need for indicator benchmarks and targets to track the green economy transition.

H.E. Dr. Kuntoro Mangkusubroto, Head of the Presidential Working Unit for Development Monitoring and Oversight (UKP4) and Chair of the National REDD+ Task Force (SATGAS REDD+), gave opening remarks pertaining to climate change and the REDD+ program. He began that climate change is not a new occurrence in Indonesia and that necessary steps need to be taken to alleviate the negative effects. These steps include commitments 7/26 and 7/41 and the adoption of the 4-track development strategy: pro-growth, pro-jobs, pro-poor, and pro-environment; efforts to mainstream green economy principles are under way. REDD+ is a vehicle for GHG emission reduction and economic sustainability. The goal is to gain continuous feedback from all stakeholders. The REDD+ strategy needs to be inclusive and relevant to all levels of government. Dr. Mangkusubroto elaborated that green economy principles can only be created through inclusive interactions with all stakeholders.
H.E. Dr. Ir. Lukita Dinarsyah Tuwo, Vice Minister of BAPPENAS, emphasised that Indonesia was currently preparing the national development plan for 2015-2019. He reminded everyone that Indonesia would have a new president next year, and that this new president should prioritise sustainable development. He then pointed out that Indonesia needs: (1) The incorporation of Green economy into the development plan; (2) Policies that will stimulate the private sector; and (3) Indicators to measure the accomplishments of each sector.

H.E. Prof. Dr. Emil Salim, Chairman of the President’s Advisory Council, pointed out the three principles incorporated in the current development plan: pro-poor, pro-job and pro-growth, and the need for these to be translated into specific tasks. He reminded everyone of Indonesia's goal of 26 percent reduction in emission, recommending that ministries needed to work together. Prof. Dr. Salim posed the question of what could be the driving force to integrate and expedite the green economy transition. He proposed the following prerequisites for transition: coordination of policy implementation, integrated economic and social welfare goals, and transparent government. The challenges he identified were: resource exploitation, regional disparity, a middle-income trap and undervalued ecosystem services. Prof. Dr. Salim emphasised the need to follow green pathways to development; starting small but comprehensively growing in scale.

Mr. Pavan Sukhdev, UNEP Goodwill Ambassador and Workshop Moderator, delivered the final keynote address, emphasising the importance of integrating social, economic, environmental, and institutional goals into a cohesive strategy and paying mind to the integration of the Millennium Development Goals into a green economy approach. The UNEP Goodwill Ambassador elaborated on the idea of sustainable development calling for a meaningful and lasting paradigm shift in the Indonesian economy, a shift that would need to be bolstered by investment in manufacturing, services and employment restructuring to move away from the economy’s current focus on resource extraction.

SESSION I: Identifying Key Challenges Associated with Greening the Mid-Term National Development Strategy (RPJMN)

The first session focused on identifying key challenges to greening the National Midterm Development Strategy (RPJMN). Among those identified, eliminating corruption and improving accountability, as well as combating growing income inequality, were seen as crucial. H.E. Dr. Endah Muningtyas, Deputy Minister of Natural Resources and Environment at BAPPENAS, identified a need for cross-sectoral policy and action plans for implementation at the sub-national level. The Deputy Minister also pointed to the need of translating the overarching idea of sustainability into action at local levels seen through green production and consumption activities, and recognised that this would not be a simple
undertaking as it would involve thinking “beyond carbon” at policy levels; rather it would mean bringing a shift in economic mind-sets to the masses.

H.E. Mr. Hadi Daryanto, Secretary General at the Ministry of Finance in Indonesia, brought to light some of the challenges that would come from restructuring the balance of trade in Indonesia with respect to timber exports. He also emphasised the importance of community group involvement, noting that people’s perceptions are what matters to stop viewing the forests plainly as resources.

Mr. Syahrin Daulay, Head of the Central Kalimantan Development Agency, followed the Secretary General with a four part presentation that outlined the general and socioeconomic conditions of Central Kalimantan, what action plans were in place, and local Regulation No. 5 of 2011 on sustainable plantation management. Mr. Daulay noted that the Government of Central Kalimantan was aiming to reduce poverty by 2%, and increase economic growth by 7.5% by 2015. In order to achieve this goal, the Government of Central Kalimantan has started to take action and established a local REDD+ strategy (STRADA). Local Regulation No. 5 of 2011 on sustainable plantation management imposed moratoria on eight agencies for mining and forestry and has conducted a legal audit on 26 forestry sub-sectors. District heads in Central Kalimantan Province have established regulations on corporate partnerships. The development of downstream industry has begun with engagement from indigenous communities.

SESSION II: Identifying Indicators and Benchmarks Relevant to the Indonesian Context for a Green Economy Transition

The second panel concentrated on identifying indicators that can be utilised for measurement and the creation of targets relevant to the Indonesian green economy transition. The central theme was that green economy needs to be clearer defined and that standards need to be set for each element of the economy transition. Furthermore, the indicators and benchmarks identified need to be both efficiently and effectively planned and implemented.

Mr. Fulai Sheng from the UNEP Green Economy Team began by noting that measurement follows definition, calling for a clear definition of green economy and the answer to whether a green economy is an approach or a state. He further elaborated on the necessity of a framework to aid the formulation of green economy policies and strategies, starting with a list of priorities. Climate change indicators are already in place, such as ecosystem management related indicators, but the difficulty is connecting the green aspect to the economy. A green economy will encompass policy, broader social welfare, and equity dimensions. Mr. Fulai urged that once priority issues are identified and defined, it is critical to use adaptive indicators for future assessment.

Speaking predominantly on greening the GDP and GRDP, Dr. Matius Suparmoko, Professor at Jendral Soedirman University, described the importance of indicators of measurement. The Ministry of Finance is working towards greening the GDP and GRDP by providing technical guidance and reports. Externalities, economic rents, and taxation need to be included in the attached value of the
GDP. Dr. Suparmoko continued that natural capital and human capital are important for national economies and that thus, positive and negative externalities need to be accounted for. The tools for greening the GDP and GRDP need to be clearly linked to measurement indicators.

Dr. Ravi Prabhu, Deputy Director General of ICRAF, used the diversity of landscapes as an example of a smaller subsection of the green economy transition. He postulated that when landscapes are altered, trade-offs are examined, and so it follows that the progress towards a green economy must also be measured in trade-offs. He emphasised that one of the important factors to realise a green economy is the acknowledgement of the diversity of ecosystems as well of the need for equity and human welfare, and that indicators used for assessment need to be affordable, timely, and informative.

SESSION III: Charting the Way Forward in Accelerating a Green Economy Transition through Greening the RPJMN

The third session focused on the way forward through greening the RPJMN and how the transition into a green economy could be operationalised. There was a general consensus among the panellists that moving Indonesia’s economy out of the extraction paradigm would be the core shift needed. Dr. Marcellus Rantetana, Senior Assistant to the Presidential Special Envoy for Poverty Alleviation, kept with the importance of moving from a resource economy to one driven by enhancing human capital, calling for “people-driven development”. However, he stressed that it would be essential to ensure that this trajectory of development was realised with the goal of equitable income distribution in mind, so as to also realise the poverty alleviation aspect of the green economy goal. Ways to do this include promoting climate-smart agricultural cultivation, with an emphasis on small and medium enterprises and implementing governance reform across various sectors.

Mr. Edib Muslim, Member of the Head Division of the Coordinating Ministry of Economics in Indonesia, focused on the six economic corridors of Indonesia, namely Sumatra, Java, Kalimantan, Sulawesi, Bali and Papua, and how developing economic potential in these areas was paramount to the national development strategy. Strengthening national connectivity would also play an indispensable role. He stressed the need to strengthen communications and raise awareness to promote cohesive buy-in and improve accountability as did his fellow speakers, Mr. Agus Sari, Head of the Working Group on Funding Instruments of the Presidential Task Force on REDD+, and Co-Chair of the Work Programme on REDD+ Financing, UNFCCC, as well as H.E. Mr. Ir. Bemby Uripto, Expert Staff Officer at BAPPENAS.

H.E. Mr. Bambang Brodjonegoro, Executive Head of the Fiscal Policy Agency (BKF) in Indonesia, elaborated on the role of fiscal instruments in sustainable development. He argued that the prudent use of tax and subsidy instruments plays a pivotal role in redirecting consumption and production activities in the country toward sustainability.
CONCLUDING THOUGHTS

In essence, the roundtable brought to light and grounded some fundamental issues. Bolstered by political will and an imperative for a secure future, significant discussion with the potential to set in motion strategies to greening the RPJMN took place. The process of implementation carries with it significant challenges, such as the need for clear indicators and inclusive and politically attainable strategies for the road ahead. Moving towards an environmentally and socially sustainable future means building and deepening meaningful and lasting channels of engagement with stakeholder groups, indigenous peoples, the private sector, and society at large. Equitable distribution of income in the development process remains a priority. There is also the need for prudent, informative, and measurable performance indicators that will enable Indonesia to chart its trajectory towards a green economy. Lastly, the way forward entails not only decisive policy on the part of the government but also co-operation of the private sector. As the Native American proverb H.E. Dr. Tuwo quoted in his closing remarks goes, "Only when the last tree has been cut down; only when the last river has been poisoned; only when the last fish has been caught; only then will you find that money cannot be eaten".