

# **The RIMBA project**

Introduction to the concept of *Green Economy*

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# Origins of the concept

- From the 1960's the inevitability of basing national economies on the assumption of perpetual growth, when the resources which underpinned it were limited, or in decline was questioned. (see e.g., Erlich and Erlich 1970).
- the Brundtland Report (WCED 1987), which stimulated much new research into a new *ecological* economic paradigm internalized environmental costs (Pearce et al., 1989; Coombs 1990).
- The concept of **Natural Capitalism** was introduced by Hawker et al. 1999. It proposed that environment is not a minor factor of production but an *envelope containing, provisioning and sustaining the entire economy*. It also proposed that the limiting factor to future economic development is the availability and functionality of *natural capital*, in particular life-supporting services that have no substitutes and currently no market value
- The concept of **Green Growth** was formally introduced to international political forums in 2005, as a “smart strategy” to achieve a **Green Economy** at the 5<sup>th</sup> Ministerial Conference on Environment and Development, 2005, Seoul, Republic of Korea.
- The 2012 **Low Carbon Green Growth Roadmap for Asia and the Pacific** produced by UN-ESCAP and KOICA provides a practical guide for turning resource constraints and the climate crisis into economic growth opportunities.
- **Green Economy** and **Natural Capitalism** have much in common. The concepts are based on an economic framework which values natural capital to sustain a growing economy providing employment, improved livelihoods and social advancement through sustainable development

# Definition

- **Green Economy** has become a central theme for the future international direction of sustainable development since UN CSD (Rio + 20) and is a core component of the post-2015 *Sustainable Development Goals*
- It has been adopted a national policy and was defined for Indonesia by President SBY in 2012 as: *An economy whose growth in income and employment is driven by public and private investments that:*
  - *reduce carbon emissions and pollution,*
  - *enhance energy and resource efficiency, and*
  - *prevent the loss of biodiversity and ecosystem services;and*
  - *provide for equitable sharing*
- *Investments need to be catalyzed and supported by targeted public expenditure, policy reforms and regulation changes.*
- *A Green Economy development path should maintain, enhance and rebuild natural capital as a critical economic asset and source of public benefits, especially for poor people whose livelihoods and security depend strongly on nature.*
- *A Green Economy:*
  - *supports **long-term functioning** of ecosystems;*
  - *results in improved **human well-being and social equity**;and*
  - *significantly **reduces social and environmental risks and ecological scarcities***

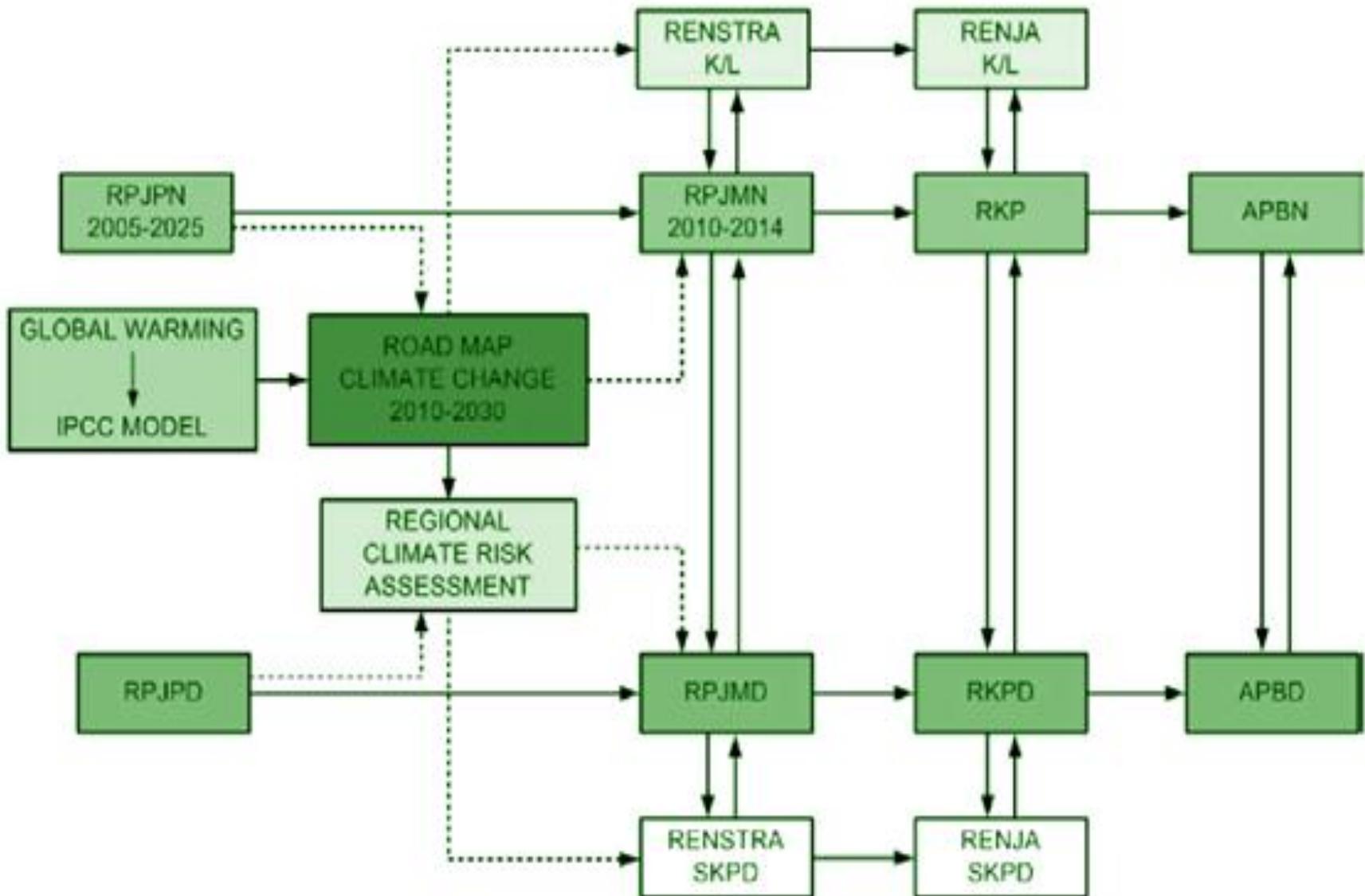
# Implementing a green economy

- The ESCAP Guide defines 5 paths to a low carbon Green Economy. These require engagement across ministries, levels of government and sectors, backed by political commitment at the highest level.
- The RIMBA Project is based on this principle and is supported by official national policy documents and Presidential legislation
- The 5 paths are:
  1. **Improving the social and ecological quality of growth and maximizing net growth**, emphasizing employment generation, economic resilience, social inclusiveness and ecological sustainability
  2. **Closing the gap between economic and ecological efficiencies**. This includes market price structure, lifestyles, institutions and governance, regulations and standards. Government leadership in setting medium to long term plans and targets is required to decrease uncertainty for businesses and encourage investments in research and development
  3. **Planning and designing eco-efficient infrastructure**. Much physical infrastructure is aging and needs to be replaced at high economic, social and environmental cost. Replacement of roads, bridges, buildings and dams needs to accommodate climate change impacts
  4. **Turning green into a business opportunity** should follow a three-pronged strategy: Greening existing industries; Promoting new green products and services; turning natural capital into a business opportunity
  5. **Formulating and implementing low-carbon development strategies**. Low carbon green growth is about harmonizing environmental protection and economic growth and using climate action to drive economic growth.

# Indonesian initiatives supporting a green economy

- The 2<sup>nd</sup> United Indonesia Cabinet launched a green economy programme as part of its sustainable development plan.
- Indonesia signed the Manila Declaration on Green Industry in the Philippines in September 2009
- December 2007, Indonesia hosted the UNFCCC – COP 13 in Bali
- *National Action Plan for Addressing Climate Change (2007)*, represented the foundation for Indonesia to commence its transition to a Green Economy
- G20 Meeting in October 2009 the President committed to a unilateral reduction in emissions of 26% by 2020 and as much as 41% with international support
- 2010 the *Indonesian Climate Change Sectoral Roadmap* sets out how adjustments to BAU could achieve reductions in GHG emissions across sectors of the economy and levels of government
- The ICCSP implements a strategy of **Avoid – Shift – Improve** for the transportation, energy, forestry, industry and waste management sectors and how the sectors of water, marine and fisheries, agriculture and health will need to adapt.
- The ICCSR shows how to integrate emissions reductions into the national planning process and directs ministries and provincial and local governments to develop their own action plans for the reduction of GHG emissions.
- **2011 The Guidelines for Implementing GHG Emission Reduction Action Plan** (RAN-GHG) and the **2012 National Action Plan for Climate Change Adaptation** (RAN-API) These plans provide the basis for the budgeting, institutional reform and capacity building

# Linking Green Growth to Spatial Planning (ICCSR)



# Summary

- Indonesia has achieved a remarkable amount especially in relation to **Track 5** of the ESCAP Roadmap
- Over five years it has produced a detailed series of strategic and action plans which spell out what needs to be done to progress a green growth strategy based on reducing waste, increasing efficiency and exploring new technologies.
- It is estimated that there is a potential for 8.5% of all jobs in Indonesia to be considered *environmentally sustainable* with 3.8% (3.9 million) in the category of *Green jobs* .
- in 2012 the Ministry of Tourism and Creative Economy launched its **Strategic Plan for sustainable Tourism and Green jobs**.

## **HOWEVER**

- Practical transitions need to be demonstrated in order to realise the national strategies and policies
- The background work that has been done through the Sumatra Roadmap and the RIMBA landscapes collaborative agreements provide a springboard for demonstrating how change can be implemented in western Indonesia and will be of international significance in the lessons that are learnt.
- While the GEF grant itself is small , there is great potential to use it to enhance the effectiveness of many projects which the core Indonesian government partners have already identified in their strategic and annual plans in support of Green Growth.