

**Meeting Environment and Climate Change  
Challenges in Indonesia:  
U.S. - Indonesia Cooperation  
Under the Comprehensive Partnership**

*An Open Forum with*

**Dr. Charles Barber, Christine Dragisic, and Alfred Nakatsuma**

*and brief remarks from*

**Loren Labovitch and Elizabeth Lyons**



**July 27, 2012**

In 2010, the United States and Indonesia launched a historic Comprehensive Partnership (CP) to strengthen bilateral relations between the two countries for the long term. One component of this partnership is a bilateral effort to improve environmental policy and practice in Indonesia. The two presidents stated that they seek a partnership that “fully leverages the extraordinary talents of our strongest assets, the Indonesian and American people,” and placed strong people-to-people relations and dynamic public-private collaboration “at its core”, which includes public and private collaboration to confront issues such as climate change.

Indonesia has taken a leading international policy position on climate change, expressed in President SBY's strong proposals at the G20 and recent Rio+20 Meetings, and reflected by his recent appointment as one of three co-chairs of the UN Secretary General's High Level Panel on the post-2015 strategy for the UN Millennium Development Goals (MDGs). Early CP environment project initiatives included the SOLUSI Partnership (Science, Oceans, Land Use, Society, and Innovation), the establishment of an Indonesia Climate Change Center, and supporting the Norway-Indonesia REDD+ (Reducing Emissions from Deforestation and Forest Degradation) partnership. More recently, the Millennium Challenge Corporation (MCC) Indonesia Compact has included a major project expanding renewable energy and improving the management of natural resources.

On July 27, 2012, USINDO hosted an Open Forum panel discussion at the Cosmos Club in Washington, D.C., featuring five distinguished speakers from the U.S. Department of State, USAID, and MCC, who hold key roles in the effort to meet climate change and environment challenges in Indonesia. The purpose of this forum was to discuss what happens and what still needs to happen under the environment and climate change component of the CP, which requires bilateral, public, private, and civic collaboration.

Dr. Charles Barber, co-coordinator for Inter-Agency Efforts on Climate and Environment under the U.S.-Indonesia Comprehensive Partnership at the U.S. Department of State, briefed the audience on the work of the Climate and Environment Working Group. Alfred Nakatsuma, former Director of the Office of Environment at USAID/Indonesia, described current USAID environmental programs in Indonesia. Christine Dragisic, focal Point on REDD+ at the U.S. Department of State, discussed the Indonesia Climate Change Center (ICCC) and the role of both countries in the UN Climate Change Convention negotiations. Loren Labovitch, MCC's Director of Environment and Social Assessment, briefly described the Green Prosperity Project, and lastly, Elizabeth Lyons from the U.S. State Department briefly talked about the U.S. Embassy Science Fellowship. This brief is USINDO's summary of this forum.

## **CP Climate and Environment Working Group**

Remarks by Dr. Charles Barber

Indonesia is important to the U.S. for many reasons. As an "environmental superpower", it is situated at the center of the rich coral reef triangle, has the largest expanse of tropical forest and peatlands in Asia, with high biodiversity and many endemic species. Despite the continued environmental dangers of deforestation and the extinction of fish and animal species facing Indonesia, the country is taking strong steps in environmental leadership by combating illegal logging, initiating the Coral Reef Triangle Initiative, pledging to lessen greenhouse gas emissions, and changing land tenure for indigenous and local communities.

The CP serves as an umbrella for the bilateral relations between the U.S. and Indonesia, including environmental cooperation, with six working groups (WG) tasked with

coordinating CP strategies and policy initiatives. The Climate and Environment WG has four focus areas: climate change; forests, peat lands, and other terrestrial habitats; coastal and marine resources and biodiversity; and environmental management. Key Climate and Environment WG deliverables to date include the establishment of the Climate Change Center, the MCC “Green Prosperity” compact component agreement, and the TFCA (Tropical Forest Conservation Act) “debt-for-nature swap” forest deal. Future WG agenda would include addressing the following issues: forests and climate change, low emissions development strategy cooperation, marine and coastal issues, and environmental management.

## **USAID’s Environment and Climate Change Program in Indonesia**

Remarks by Alfred Nakatsuma

Indonesia could potentially face a future without forests, fish, and its glorious biodiversity. USAID’s Environment and Climate Change Program began in 2009 and continues through 2014 with the goal of addressing global priorities through local means. USAID-managed environment and climate change programs in Indonesia in an attempt to mitigate environmental challenges, by focusing on forests, marine, water/sanitation, clean energy, and adaptation/disaster. USAID programs work through university partnerships, NGOs, and grants, as well as 17 Indonesian ministries. USAID environment project performance indicators are strongly aligned with Indonesian government targets.

There is a large U.S. field or “boots in the mud” program, carried out hand-in-hand with communities, local governments, and increasingly with the private sector. Engaging the private sector to invest in clean energy programs, particularly biomass and hydropower projects, is one of USAID’s goals in Indonesia. USAID is also attempting to increase access to clean drinking water by building up the number of accessible sanitation facilities and reducing the cost of water for Indonesia’s poor. Both the U.S. and Indonesian governments support bilateral targets, such as the reduction of deforestation and ecosystem degradation by 26 percent, a 50 percent reduction in emissions from changed land use, as well as improved management of high value tropical forest.

These programs are not simply designed to protect the environment, but they also serve the local communities by creating jobs and fostering sustainable economic development.

## **REDD+ and Indonesia’s Climate Change Center**

Remarks by Christine Dragisic

The main goal of REDD+ in Indonesia is to link the “boots in the mud” with international policy, in order to take advantage of the science and experience that is born from the field work. Indonesia is the perfect location for such work; as there has been incredibly good work being done on the ground by both the U.S. and Indonesia.

ICCC maintains a similar goal to REDD+, which came out of a request from the Indonesian government and has the explicit intent of linking science to the decision makers. It also synthesizes the work of the different Indonesian ministries with NGOs and academics. The four main sectors that this center focuses on are peatlands and mapping, low emissions development, measurement and reporting, and resilience. The following are two examples of productive projects that ICCC has completed. First, they have been successful in raising the awareness among Indonesian policy makers about the problem with peat-swamps. They provided data and research regarding the immense amount of emissions caused by burning peat in certain parts of Indonesia. These findings and Indonesia's response can now be wrapped up and applied elsewhere in international policy. Second, the Center has created the first official map of Indonesia's forestland. This is a major environmental advancement and will allow for a more cohesive policy toward the forests.

The progress that Indonesia made has been significant and it has received several grants in the past three months that will advance the goals of REDD+'s efforts in Indonesia.

### **MCC Indonesia Green Prosperity Project**

Remarks by Loren Labovitch

The Green Prosperity Project is one of MCC Indonesia's three-project compact that will be implemented in 2013 through 2018. The \$323 million project's objective is to support Indonesia's very clear and strong commitment to a more environmentally sustainable and less carbon intensive future.

MCC's core objective is to reduce poverty through sustainable economic growth and the Green Prosperity Project fits within that objective perfectly. Some of what the project will undertake includes increasing access to renewable energy, improving land use management, helping and protecting natural capital, and reducing green house gas emissions. The project intends to engage heavily with the private sector on clean and renewable energy, and also works closely with NGOs, local communities, regional and national government, and academia in Indonesia.

The project is currently being implemented with the following financial distribution: \$25 million is committed to land use planning and redistribution, \$15 million is for improving green knowledge and capacity building, another \$15 million is for technical assistance for local communities, and \$250 million is for commercial loans and grants to support investments in clean energy, agricultural forestry, palm oil projects, water management, and microenterprise. These projects will be implemented in 12 different provinces and will include both upstream and downstream districts.

## **U.S. Embassy Jakarta Science Fellowship**

Remarks by Elizabeth Lyons

Elizabeth Lyons works with the National Science Office and recently returned from a two month science fellowship at the U.S. Embassy in Jakarta to assist Indonesia in strengthening its approach to merit review and research funding as it continues on the path of setting up an effective research funding agency.

The 2010 Science and Technology agreement between Indonesia and the U.S. falls under the umbrella of the Comprehensive Partnership and includes many goals, such as training Indonesians on eco system approaches, fisheries management, research cooperation on vessels, exploring common interests in the blue economy and fishery stock assessment, and the development of cyber infrastructure. Other grants also exist to help fund research on marine climate and biodiversity, carbon flux of water emitting from river mouths, the effect of burning and growing palm oil, and economically important species.

### **Questions and Answers**

***Q: There is a lot of work that has been done over many years in Indonesia. But then we look at your graph where lines continue to plummet and that we are “on track” in a disturbing way. Where is the disconnection? What is wrong?***

Alfred Nakatsuma – Each sector has its own problem and its own solution. The marine field, for example, is something that not too many are aware of. The Ministry of Marine and Fisheries is only 10 years old. Before that they dealt with marine issues in a very oblique manner. But the government focus has been strong recently. At the Rio+20 SBY talked about the “blue economy”. The Ministry of Marine and Fisheries is very eager to learn the kinds of things that NOAA is doing and from [USAID] technical assistance programs. So far, there is only one major donor to the marine program, that is the World Bank/ADB \$30 million loan program. The private sector is very eager to use these funds for technical assistance. Recently the EU requested certification from the private sector on fisheries. Things are changing rapidly. The graphs are pretty steep but I think we are in the ballgame. This is a relatively new field to work with respect to fisheries.

With respect to forests, it is a little bit different. In the 90's, the USAID program focused on community-based forestry; a very noble activity, but we did not tackle the industry. The industry, if we look at it coldly and rationally on the deforestation problem, is the big driver. What we are doing now is a landscape-based approach, where we are working with communities but we are also working with concessions. Now we are fully embracing the idea of working with the private sector and working with this integrated landscape-based approach, which should be governed by a spatial plan, and should hopefully result in economic growth and income in a way that should preserve resources. I think we are taking a new approach at it. I'm not going to say it is going to change the game, but I think it might create an inflection point and that the government of Indonesia is quite interested in it now.

Previously, it was TNI (Tentara Nasional Indonesia, or the military) who was running this kind of stuff. That would have been tough to crack.

Dr. Charles Barber – I have worked for the World Bank, where we spent a billion dollars on natural resource management programs over a span of 10-15 years. Is everything the same or worse? Where have we done wrong? What is the problem? I think those kind of analyses are very important to try and figure it out. In terms of the strategy, it comes down to governance and enabling environments. Coming up with a feasible, equitable system of land tenure – public lands which are claimed by the constitution – and outsourced to private corporations, and it's just chaos. Changing that situation is really important if you want to stabilize things on land. There are corruption questions, local government capacity, and creating incentives. Bringing in the private sector is really important as those actors can really change the drivers of deforestation. We are doing some work on that at a national level, and we are working with a large number of countries and corporations. Supporting the elements of reform and doing things better, there are a lot of things that you can turn around but it takes time. What we are doing with the Comprehensive Partnership is to support those in Indonesia with economic growth and at the same time sustain natural resources. Not everyone believes in that, it is a huge struggle.

Christine Dragisic – It is no secret that REDD+ is something that people have been trying to do for decades. Forest governance, alternative funding, and all that stuff tied up with a bow under a carbon umbrella. What is different, I think, is that you have an immense amount of global attention toward these issues now. Not only do you have global attention but you have substantial resources to tie-in.

***Q: There are different strategies in Latin America and Africa. Have the successes of those strategies been shared in Indonesia? If so, how has it been and were there any complications?***

Alfred Nakatsuma – I have worked about 10 years in Latin America, and there are a lot of things that are transferrable, but there are a lot of things that are not transferrable. If you look only at the forestry sector, the deforestation in Latin America – which is relatively small, with exception to Brazil – was driven by the agricultural expansion. In Indonesia, it's a totally different ballgame. It's the concessions and palm oil plantations. There are some things that are transferrable and things that are not transferrable. We are trying to learn the things learnt in previous programs and apply them in Indonesia. Whether it is things launched in Indonesia or other parts of the world as well, but not everything can transfer over.

Dr. Charles Barber – There are some things that are transferrable. As people become more and more savvy and connected with other people, we can learn from one another.