



Country Brief: Indonesia

Source: Curt Camernack / World Bank

Region: Asia

Natural capital: Indonesia is the world's largest archipelago with 17,000 islands spanning the Indo Malayan and Australasian biogeographic regions. The country's rainforest, coastal, and marine areas hold rich biodiversity and abundant mineral resources.

Critical decision: How can Indonesia utilise its natural resources sustainably to achieve development goals when it faces increasingly severe natural disasters and a soaring population?

Indonesia expects the economy to grow by between 7 – 8 per cent per year. At the same time the country is vulnerable to the impact of climate change. With the need to sustain economic growth while keeping ecosystems intact, the government is faced with the challenge of deciding on the proper and timely use of Indonesia's natural resources, including land, following a development pathway that minimize the climate impact of the development

Natural capital accounting and development planning

Natural resources and the environment play significant roles in Indonesia's development, and failure to address sustainability issues could threaten the country's economic growth. Even though the contribution of the natural resource sector to Indonesia's economy is declining, its share remains significant.

The Government of Indonesia (GOI) has made a strong commitment to implement the Sustainable Development Goals through, among others, substantially reducing greenhouse gas emissions. The shift to a green development path is shown in the National Mid-Term Development Plan (RPJMN) for the period 2015-2019 and the Nine Development Priorities, *Nawacita*.

Indonesia has been implementing the UN System of Environmental Economic Statistics Accounting (SEEA) through the Central Statistical Agency (BPS) by annually

publishing SISNERLING, or the Integrated System of Environmental and Economic Accounting, since 1997. With the stronger move toward green economy, GOI sees that now is the right time to strengthen SISNERLING as part of a broader effort to produce more robust sustainability indicators for growth and for better management of state controlled and owned assets.

Making waves in Indonesia

Indonesia is one of the eight core implementing countries in the WAVES partnership. Since July 2015, it has focused on three principal areas:

Improving and upgrading SEEA-based SISNERLING to SEEA 2012. The improved SISNERLING will be used for (a) strengthening the Adjusted Net Saving (ANS) as an indicator for measuring and monitoring growth resilience, and (b) strengthening state asset management for more effective use of natural capital.

Developing SEEA-based land

How will WAVES help?

Natural capital accounting provides scientific-based evidence to inform decision makers and Indonesia's national development planning process. The WAVES program, through strengthening the SISNERLING, will help Indonesia measure its natural resources and evaluate how to make sure they are used equitably and sustainably.

WAVES technical assistance will also provide opportunities for the government to start consolidating and harmonising different datasets of environmental indicators and valuation guidelines, currently held by various ministries, to the SEEA 2012 standards.

Accounts being developed:

Strengthen and expand coverage of SEEA-based SISNERLING ; develop land and water accounts

WAVES lead government

agency: The Ministry of National Development Planning (BAPPENAS)

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Resources:

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accounts for land cover and land use. This will include policy studies on land values and pricing to better inform land use conversion planning from forest to agriculture and infrastructure as outlined in the RPJMN

Establishing a SEEA-based pilot water account. The pilot will take place in Citarum River Basin. This will include (a) examining the factors affecting the quantity of water in the basin and (b) developing a plan and guidance to construct water account constructions for other prioritised watershed and sub-national entities.

The story so far

The Indonesian Government first expressed an interest in joining the WAVES partnership in 2013 and membership was confirmed in December of the same year. Since then there has been a series of discussions with 15 agencies and selected government ministries. There have been technical committee meetings and workshops to introduce WAVES and talk about the potential scope of the program. Feasibility assessments were conducted from April to June 2015, to review strength and gaps in the existing statistical system, data and institutions,

and to assess relevance, priorities and opportunities. In December 2015, the World Bank approved WAVES' program scope, budget and work plan.

With trained staff from 2014-2015 WAVES-sponsored trainings, BPS has begun working to strengthen and expand the SISNERLING commodity coverage, and has incorporated some of the results into the 2015 SISNERLING publication.

One example on the value of SEEA-based information has come from preliminary findings from work in Central Kalimantan conducted by the EcoSpace project—a WAVES-related project in partnership with Wageningen University, Netherlands. The results include maps that can provide physical and monetary assessments of natural assets and indicators for orangutan habitat, carbon storage, and recreational land use, as well as for production of palm oil, timber, rattan and rice. Government officials and other stakeholders showed great interest in the information and how it can be used in spatial planning.

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