



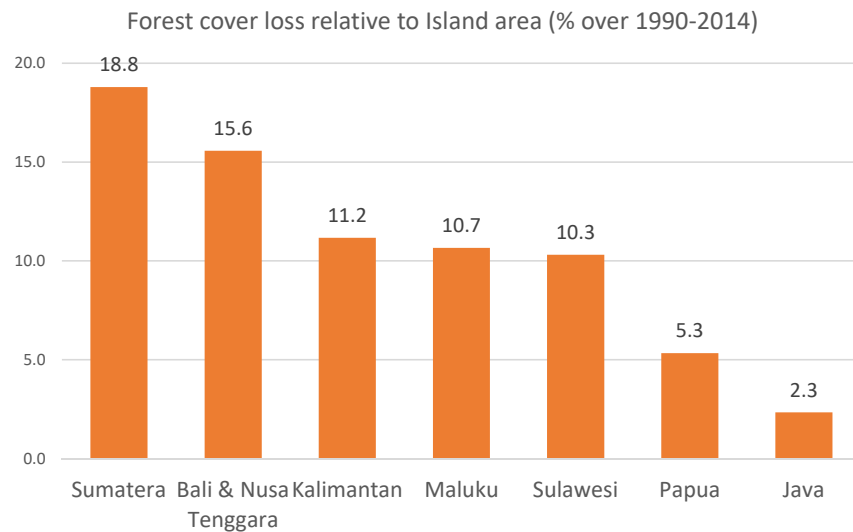
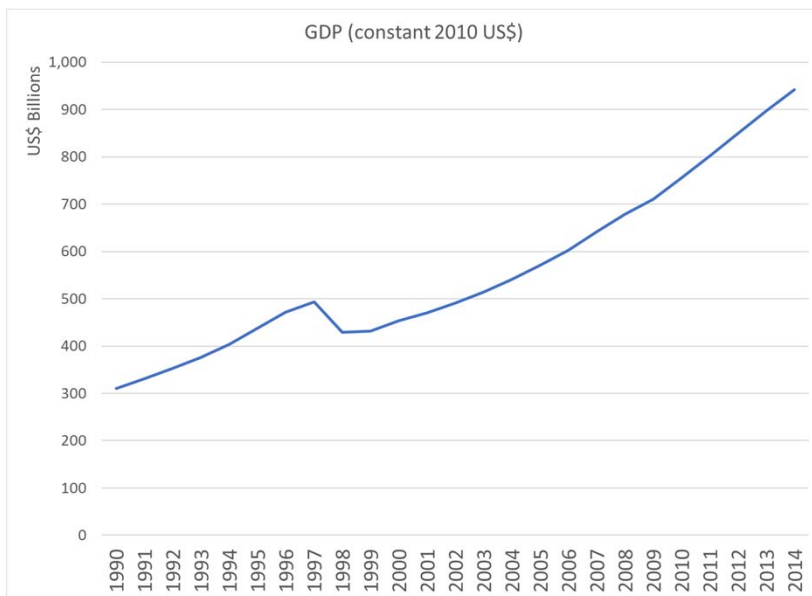
Raffaello Cervigni
Lead Environmental Economist
The World Bank



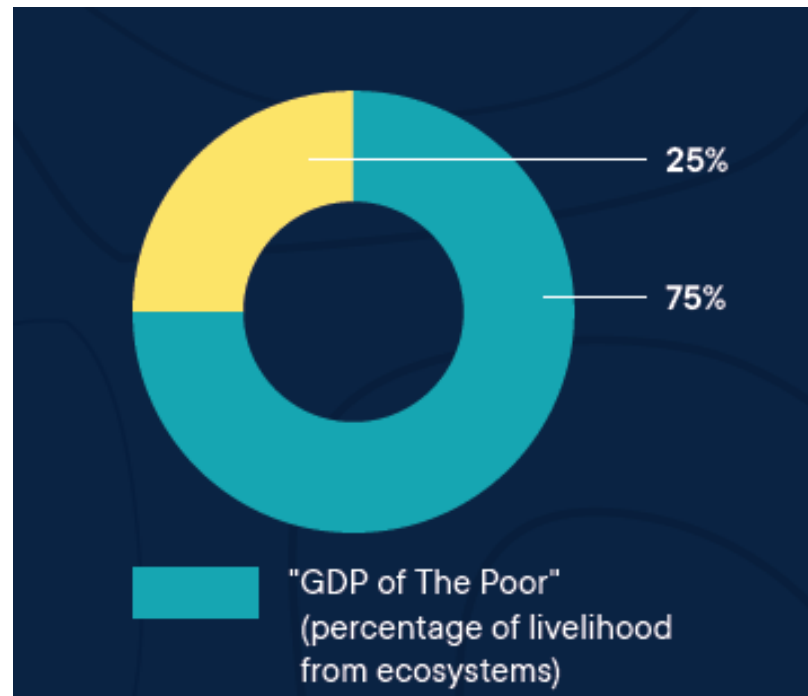
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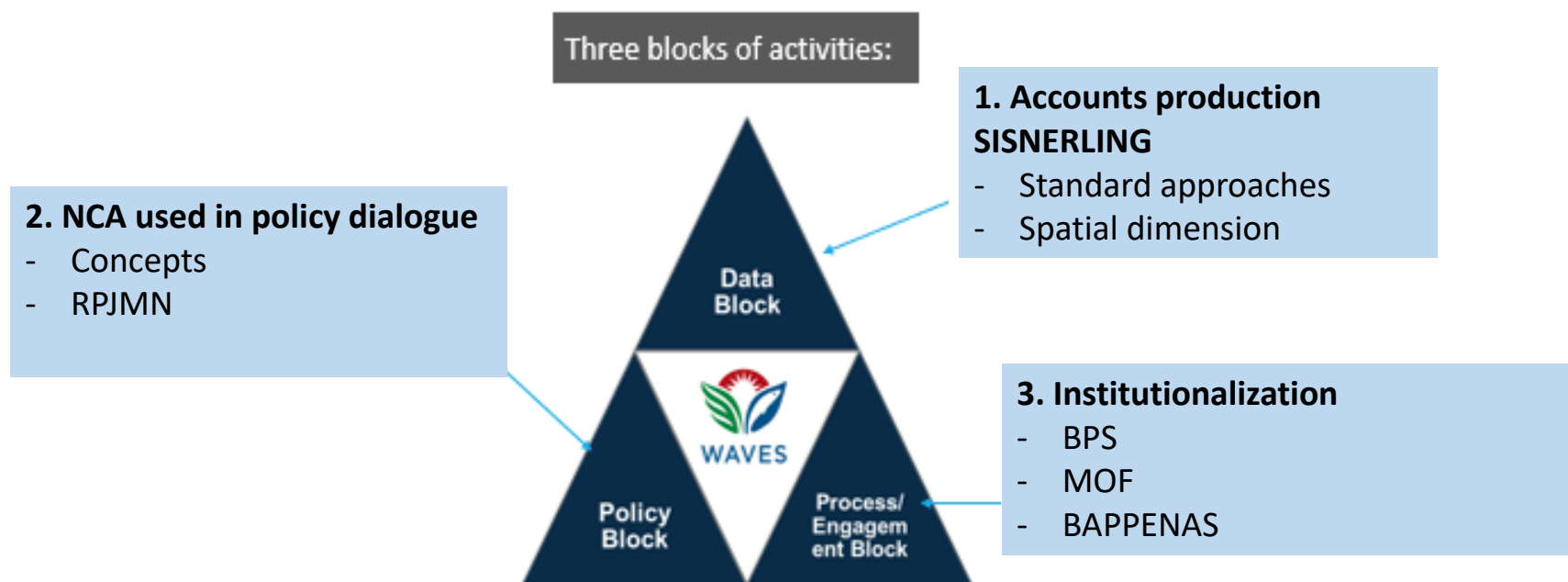
The challenge: sustaining Indonesia's growth while improving management of natural capital...



...recognizing its key role in poverty alleviation



WAVES: supporting government response in 3 areas



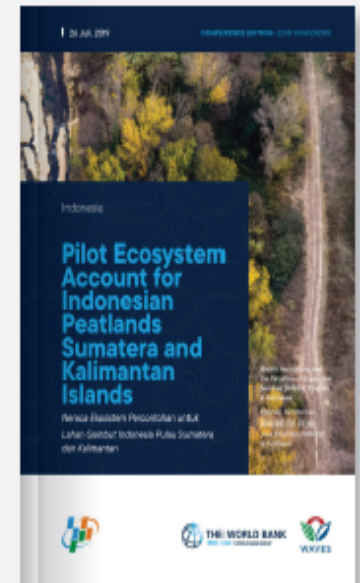
1

The process of building the accounts to strengthen SISNERLING and the results obtained were useful to increase the recognition of natural capital as an important element in Indonesia's economic growth narrative

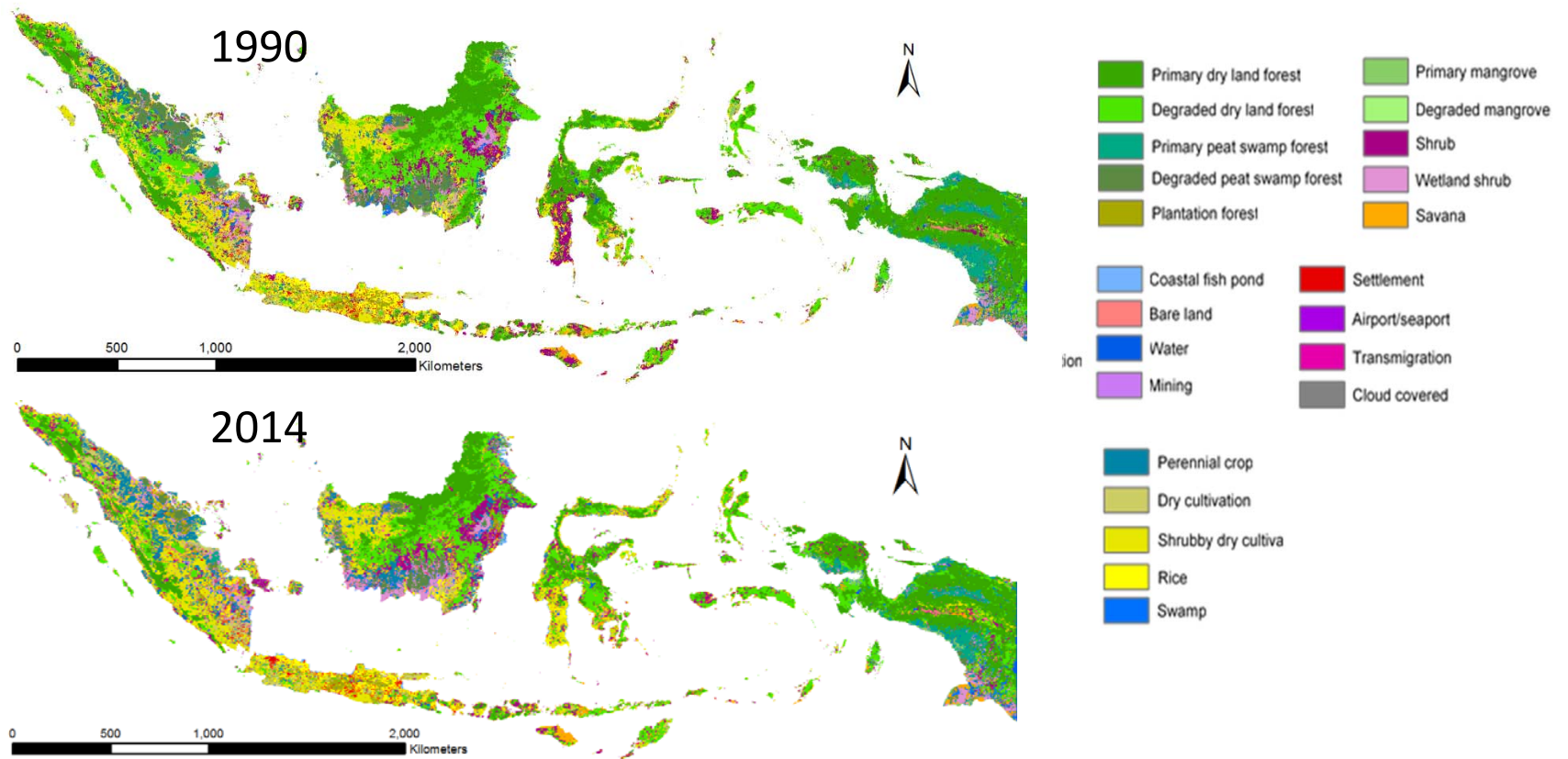
01

Development of accounts for natural capital and ecosystem services

- Pilot Land and Extent Account Sumatera & Kalimantan
- Pilot Ecosystem Account for Indonesian Peatlands Sumatera and Kalimantan Islands

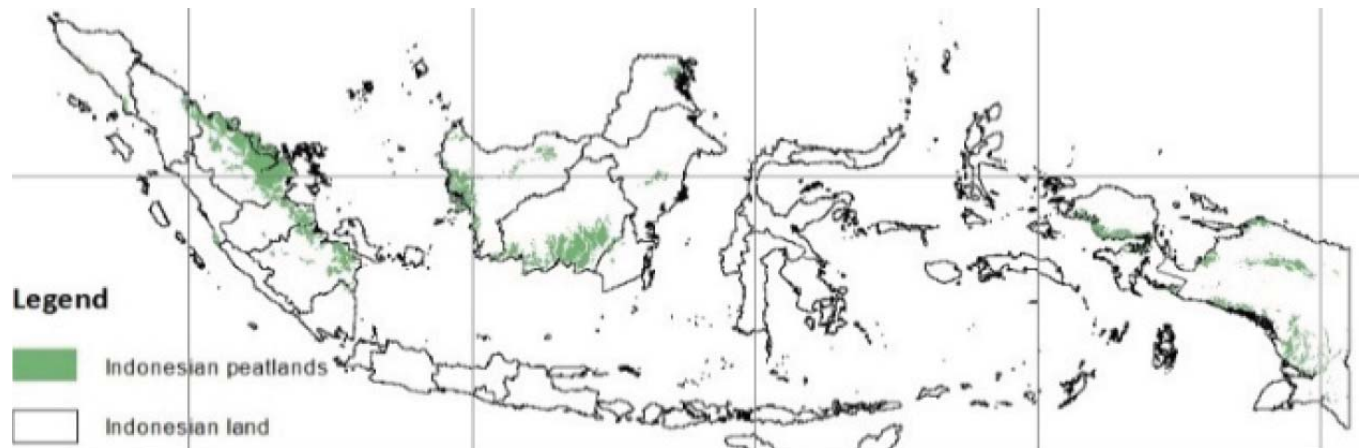


Spatializing information on land cover...

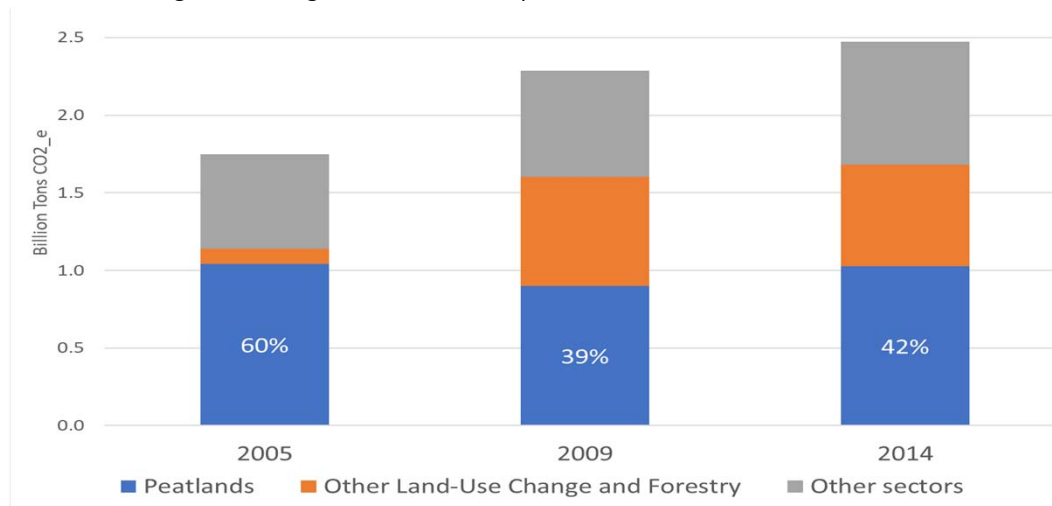


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..and assessing impacts on key ecosystem services



Emission of greenhouse gases in Indonesia: peatlands account for 40-60% of the total



2

Comprehensive analysis of prospects of a low carbon economy allowed Indonesia's Government to understand ways to grow sustainably and reduce pressure to natural capital.



Figure 1. Paradigm Change: The benefits of Indonesia's New Low Carbon Growth Path (LCDI High Scenario compared with Base Case)



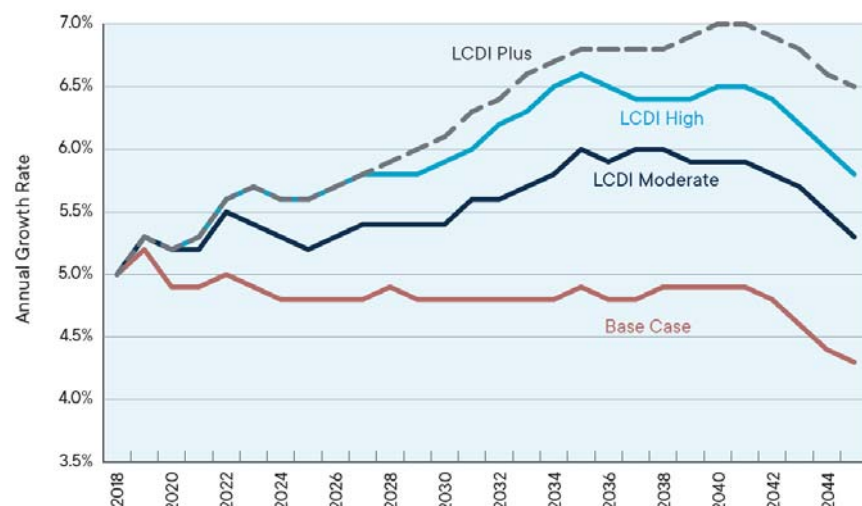
GHG emissions reduced nearly
43%
by 2030

GDP growth of
6% per year
between 2019–2045



Assessing options for reconciling growth and environment

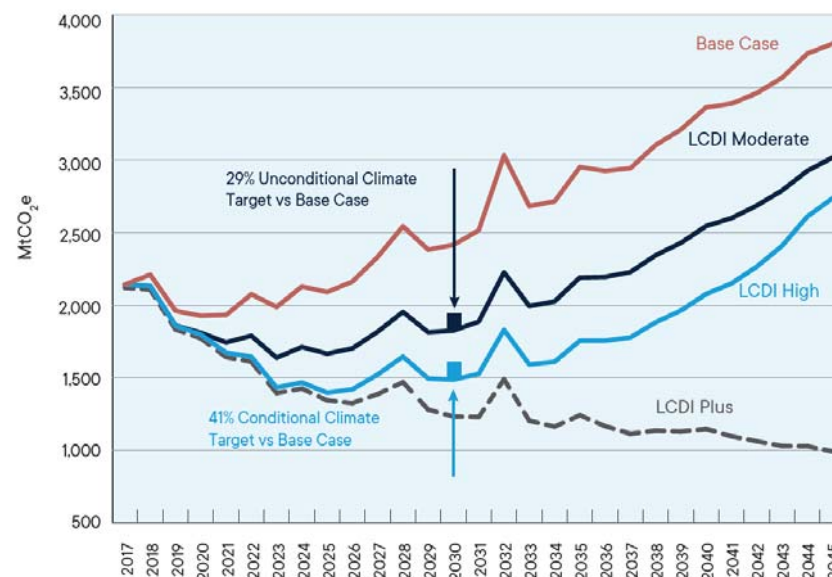
GDP Growth



Base Case: no new policies but reflects environmental degradation

LCDI Moderate: Includes new low carbon policy measures for 2020-45; achieves the unconditional NDC target

Carbon emissions

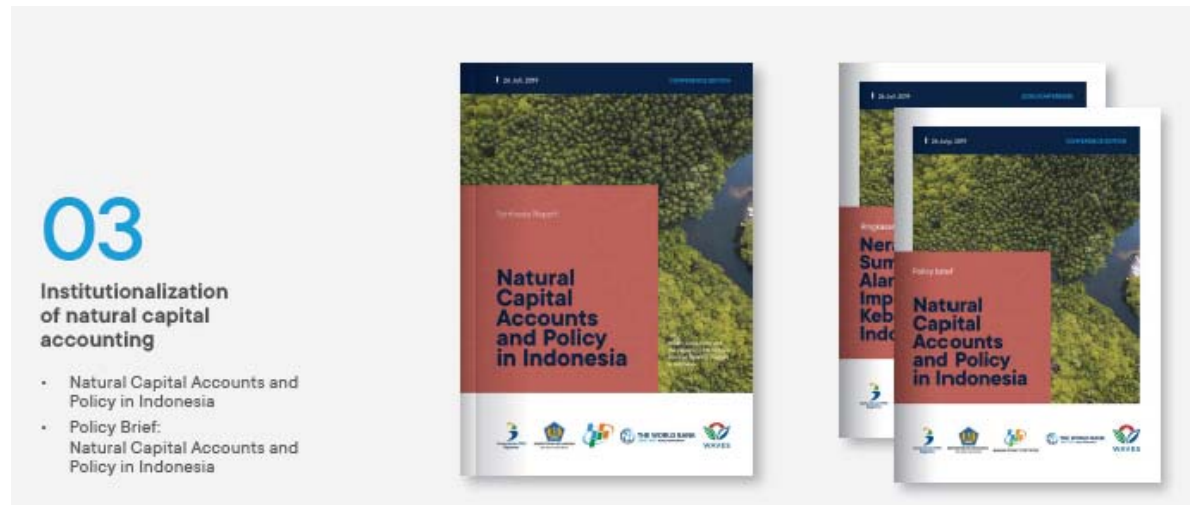


LCDI High: Includes more ambitious policy measures than LCDI Moderate for 2020-45; achieves the conditional NDC target

LCDI Plus: Reflects LCDI High for 2020-24 and additional, more ambitious policy measures thereafter

3

Accounts were institutionalized through innovative legislative action, as part of the broader legislation on natural capital and economic instruments.



Interagency coordination for user-producer interface:

- Decree Number KEP.53/DEP.3/10/207
- Data protocol
- SEEA Roadmap
- Regulation for fiscal potential informed

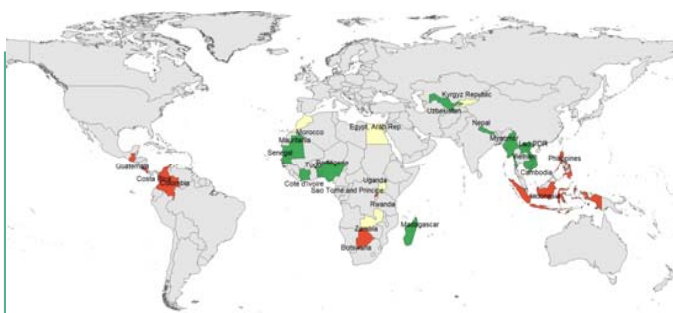
What's next: Global Program for Sustainability

Promote the use of quality data on natural capital and ecosystem services
to inform decisions by governments and the private sector



Pillar 1: Global Information

Objective: Develop information base and tools to inform policy & investment decisions (including those made by WB)



Pillar 2: Country Implementation

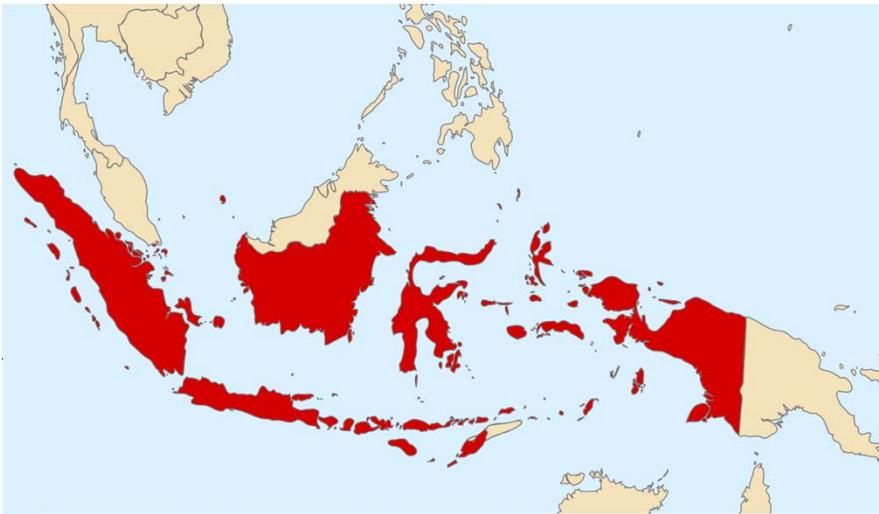
Objective: Build countries' capacity to produce and use natural capital accounting for policy, planning and M&E



Pillar 3 : Sustainable Finance

Objective: Integrate sustainability in the functioning of financial markets

Indonesia: building on momentum generated over last few years



SCD 2015,
CPF 2016-2020

LCDI

WAVES Indonesia

RPJMN
2020-2024

SCD 2020,
CFP 2021-2025

Implementation of
RPJMN 2020-2024

**Ultimate Goal:
Improved managed of
Natural Capital In Indonesia**

Planning World Bank's next 4-years program: preliminary areas of engagement



Create world-class human capital



Build even more infrastructure, faster



Import capital from job creators, not speculators



Manage your natural assets



Collect more and spend better



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GPS: further informing dialogue on natural resources

Overall objective: strengthen the ability of GOI to integrate natural capital and ecosystem valuation in policies, programs and projects.
More specifically:

a) For terrestrial ecosystem:

- to assess costs and benefits, including general economic equilibrium effects, of alternative options of managing peatlands in Kalimantan and Sumatra and Papua, through the analysis of different policy interventions to incentivize sustainable peatland management options.



b) For coastal ecosystems:

- to develop pilot natural capital accounts and identify channels to use the results in relevant decision-making processes, particularly associated with potential future investments in conservation and tourism.



7th vs 10th

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