4Fs Field Dialogue, 16th - 19th March 2014: Indonesia

Geography and Land Use
- The Republic of Indonesia is an archipelago made up of 17,508 islands.
- Despite its large population and rapid development, the country retains some of the worlds most biodiverse and carbon rich ecosystems due to its tropical climate, forests and peat lands.
- A complex suite of demographic, political and economic factors have driven deforestation and land use change progressively from West (Java, Sumatra, West Kalimantan) to East (East Kalimantan, Sulawesi, Papua).

Economic
- Indonesia has been an important trade region since the 7th century. Its proximity to the Malacca straights means that it has optimal links to the worlds fastest growing markets, China and India.
- Large-scale extraction of natural resources began in the Dutch colonial era but accelerated in the 1970s during President Suharto’s “New Order” Government, when Indonesia embarked on a process of large-scale timber extraction in the “outer islands”, such as Kalimantan, Sulawesi and Papua.
- Oil palm and timber/pulp and paper plantations are some of the fastest growing sectors in the Indonesian plantation sector (mostly in the six provinces of Riau, Central Kalimantan, West Kalimantan, North Sumatra, Jambi and East Kalimantan).
- Despite their expansion the estate crop sector contributed just 2% of GDP in 2011
- Indonesia has set up national legality certification schemes for timber (SVLK) and palm oil (ISPO).
The Plantation sector is promoted and expected to expand as part of Indonesia’s development agenda and Masterplan for the Expansion of Indonesia’s Economic Development (MP3EI).

The manufacturing industry in Indonesia grew more slowly than any other country in Asia-Pacific and exhibits a lack of innovation.

Government regulation No. 18/2010 on Crop Cultivation Enterprises provides for food estate regions. These are integrated food-production zones covering agriculture, estate crops and livestock in large flat regions. Investors are granted fiscal and non-fiscal concessions, including control of up to 10,000 ha for a 35-year period with the possibility to extend for a maximum of 60 years, fiscal incentives for infrastructure development, tax breaks, tax holidays, exemption from VAT etc as well as simplified permit and immigration processes.

Coal production and other mining is growing in importance. Kalimantan is the centre of coal production. Between 2000 and 2011 mining concessions expanded nearly ten fold. So far this has had limited impact on deforestation in Kalimantan, however, significantly higher deforestation rates may materialize once all mining concessions become fully operational.

Additional pressures are being placed on forests and land through the expansion of crops intended for biofuel production (particularly oil palm for biodiesel), supported by government instructions to encourage biofuel consumption. Despite plans being in place to promote biodiesel uptake has been slow to take off.

Differing cultures, development objectives and land use agendas have caused conflict between government, private sector and local communities.

Just under half of the population continues to live on less than USS 2 a day.

Rising consumption inequality with more and more wealth accruing for the top 20%

**Political**

Large-scale tropical deforestation, biodiversity loss, GHG emissions and human rights issues related to land use change have drawn the attention of the international community and made Indonesia a focal point for climate change and environmental initiatives.

In 1945 Indonesia secured its independence following centenaries of Dutch colonialism. Its government is comprised of an elected legislature and president.

Indonesia consists of 34 provinces, including 1 autonomous province and 1 special region, made up of 497 districts.

It is the fourth most populated country in the world with a population of over 253 million, 60% of which is centered on the island of Java.

The government encourages and plays an active role in facilitating domestic and foreign investments for development of frontier regions.

President Susilo Bambang Yudhoyono has committed to reducing GHG emissions by 26% against a BAU trajectory. This is commitment is made in the context of targeted 8% economic growth.

In 2013 President Yudhoyono set up the National REDD+ Agency to combat GHG emissions. It fulfils one of the several criteria detailed in the climate change partnership agreed with Norway in 2010. The agreement was set out within a letter of intent that detailed a UN backed framework for reducing emissions caused by deforestation and forest degradation.

The Indonesian 2005-2025 development plan aims to target growth, jobs, poverty and environment.

Elections for a new president of Indonesia will take place in July 2014.

**Social**

Indonesia is made up of multiple ethnic groups including Javanese (40.6%), Sundanese (15%), Madurese (3.3%), Minangkabau (2.7%), Betawi (2.4%), Bugis (2.4%), Banten (2%), and Banjar (1.7%).

Local people have long used Indonesia’s land and forests to meet their daily needs. However, there is increasing demand for its natural resources to supply a growing global population, drive the economy, operate as an engine for development and play a key role in Indonesia’s development strategy and livelihood activities.